

2022 MANAGEMENT DISCUSSION & ANALYSIS
AND AUDITED FINANCIAL STATEMENTS

Living Our Purpose:
**Gaining
Momentum**



Calgary Homeless
FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) includes information about Calgary Homeless Foundation's (CHF) expectations for the future. When strategy, plans and future operating performance, or other things that have not yet taken place are discussed, CHF 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. CHF disclaims any intention or obligation to update or revise any forward-looking information, whether because of new information, future events or otherwise.

Please note that the period April 1, 2020 to March 31, 2021 is referred to as Fiscal 2021, the period April 1, 2021 to March 31, 2022 is referred to as Fiscal 2022, and the period April 1, 2022 to March 31, 2023 is referred to as Fiscal 2023.

1. Environment

Homelessness in Calgary

Calgary Homeless Foundation (CHF) is a purpose driven organization to guide the fight against homelessness. In partnership with governments and agencies, CHF has helped more than 10,000 people find their way home since 2008 — including over 3,000 during the COVID-19 pandemic. In response to the pandemic, an increase in financial investment was seen from all levels of government. By the time of the Administrative Count on April 20, 2021 the Government of Alberta had allocated \$193 million to homelessness and outreach supports in the 2021 budget, as well as \$73 million to address the urgent needs in communities through diversion and prevention. Those funds were distributed across Alberta and directly to front-line service providers. The Federal Government issued an additional \$31 million of one-time funding to the Calgary Homeless Foundation for COVID-19 emerging needs, allowing over 200 projects to be initiated to support COVID-19 responses. The increased investment from all levels of government was used to respond swiftly to the housing needs of the community, while allowing CHF to move forward with plans to introduce transitional housing options, diversion and to continue work on intensified housing-focused strategies in a shift toward a recovery-oriented system of care that provides adequate isolation supports for those who have nowhere to isolate, and increased cleaning to meet health requirements.

While CHF and its partners have made important strides over the last year, homelessness remains and will continue to require significant efforts on the part of CHF, governments, social agencies, shelters, and the community at large. Economic precariousness, frontline agencies' staff fatigue, lack of affordable housing and increased complexities of individuals experiencing homelessness are all major factors continuing to stress the homelessness serving system of care.

COVID-19 Pandemic

- A deteriorating economic situation in Alberta coupled with the arrival of the pandemic, and the resulting public health response to contain it, created the worst downturn since the Great Depression. Students, women, and people of colour have been hit particularly hard by the economic fallout of the pandemic.
- The pandemic disproportionately impacted lower-wage jobs, widening the income gap. All jobs lost in Canada in 2020 earned \$28 or less per hour.

- The pandemic has accelerated long-standing trends in labour markets and economies around the world – income inequality, unstable employment, and the digitization of the economy.
- Mental health disorders, addictions and overdoses continue to rise in Calgary. This has led to reduced housing stability for vulnerable people, increased demand for health supports and housing services that are already oversubscribed, and an uptick in social disorder. Opioid death rates, for example, have more than doubled since the pandemic began.
- By the beginning of May 2021, a third wave of the pandemic resulted in the highest active case count to date, due to the more contagious COVID-19 variants outpacing vaccination efforts. This has resulted in additional strain on the health care system and further economic shocks due to increased public health orders.
- The absence of priority funding for long-term care resulted in Canada having the highest COVID-19 death rate in long-term care residents among OECD countries. As the influential baby boom generation drives increased need for long-term care, the political prioritization of this issue will be seriously challenged.

High Calgary Unemployment:

- Alberta's economy is more volatile than the rest of Canada, due to the prominence of the oil and gas sector. Oil and gas commodity prices dropped dramatically at the beginning of the pandemic and have only partially recovered. Increased societal awareness of climate change is also resulting in downward pressure on this industry. This has negative economic impacts on both individual incomes and government revenues.
- Calgary's economy contracted 10% in 2020 but showed strong recovery in 2021 with recovering oil prices. Unemployment in Calgary has fallen to 8% (the highest in any major city in Canada) while downtown office vacancy still lies between 25 and 35%. Reskilling, retraining and the attraction of new industries to diversify Alberta's economy will continue to be required.

Lack of Affordable Housing in Calgary:

- Inflation rates continue to rise as the current cost of living is increasing at a faster pace than expected due to higher energy prices, growing trade protectionism, increased consumer spending, a tolerance for high levels of debt and pandemic-related supply bottlenecks. This could put further upward pressure on wages and result in rising interest rates to mitigate inflation
- Increased housing prices and difficulty to qualify for a mortgage has led to a highly competitive rental market. For people with modest incomes, remaining housed depends on the cost and availability of rental accommodations, not on home ownership. The lowest income quintile, consisting of 20% of Calgary's rental population, can reasonably afford a mere 10% of existing units. Further, almost 90% of the affordable homes for first quintile earners are bachelor and one-bedroom units, pointing to a further challenge for low-income families with the need for multi-bedroom units. The expected influx of Ukrainian refugees will also increase demand for affordable rental accommodations.
- Twenty percent of Calgary renting households make \$36,000 a year or less. That means they can afford to pay \$900 a month or less in rent (using the official standard of 30 per cent of their income). But only 11 percent of rental units in Calgary are that cheap, and most of those are one-bedroom units.

Government, CHF, and Calgary's Homeless Serving System of Care (CHSSC) Response:

- Both the federal and provincial governments have responded with unprecedented levels of spending to respond to the public health crisis and the resulting economic downturn.
- In collaboration with government and community partners, CHF has partnered to implement and appropriately adapt public health measures to help prevent the spread of the COVID-19 virus into and within Calgary's homeless population and Calgary's Homeless Serving System of Care (CHSSC) and, ultimately, protect all Albertans.
- Calgary's homeless population is considered high risk due to various vulnerabilities, including the potential for pre-existing physical health, mental health, and addiction issues in combination with financial insecurity and the inability to self-quarantine and maintain physical distance. CHF is coordinating multiple stakeholder groups to remove barriers to testing, bolster staffing and resources to CHSSC service providers, support vaccination programs and implement diversion and housing placement strategies to alleviate the strain on Calgary's shelter system and house vulnerable Calgarians.
- In Fiscal 2022, CHF completed the COVID-19 emergency response allocation of \$28.2 million disbursed to over 200 projects over the period of the pandemic, with prevention and diversion initiatives being an area of strategic focus. For the period from April 1, 2021 to March 31, 2022, 1512 individuals and families were successfully diverted from homelessness, with another 891 individuals and families entering supportive housing.
- In line with provincial government priorities and its strategic plan, CHF has implemented a Recovery-Oriented System of Care (ROSC) and encouraged collaboration within the sector. Over the past 18 months, efforts have been placed on three strategic shifts to align Calgary's Homeless Serving System of Care's funded agencies into a ROSC.
 - CHF contract language with all funded agencies now includes: Recovery Orientation guiding principles and preference for collaborative efforts for service integration.
 - Consequent to CHF's partnership with Alberta Health Services' Health Systems Evidence and Evaluation (HSEE) team, CHF has completed initial iterative design of new techniques and approaches to guide a culture of learning and evaluation, as a critical component of ROSC.
 - CHF's new Evaluation and Learning approach is part of a multi-year strategy in support of, and in alignment with, a Recovery-Oriented System of Care.

This crisis has highlighted that people cannot be healthy and safe without a home. A positive outcome of the pandemic has been the coordinated response between CHF, the City of Calgary, the Ministry of Community and Social Services and frontline agencies working towards fighting homelessness in our city. Of note is a renewed appreciation by Alberta Health Services of the need for social supports and the health complexities for those experiencing homelessness in our city.

Following the pandemic, Alberta's recovery from COVID-19 will require sustained public health measures and innovative solutions that support the province's economic recovery. CHF will continue to prioritize long-term housing stability with customized support. These initiatives will focus on identifying safe and affordable housing options while providing the sustainable programmatic supports, including mental health and addiction supports, needed to ensure housing security.

2. Organization and Leadership

CHF is structured into three primary areas: Homeless-Serving System of Care, Stakeholder Engagement and Operations. As of March 31, 2022, there were 37 employees. A list of the leadership team can be found on the CHF website at: <http://calgaryhomeless.com/about/leadership/>.

3. Strategy

Our statement of purpose — *Guiding the fight against homelessness* —articulates the higher calling of CHF. It provides the passion for what we do and underlines the true meaning behind the daily work of our staff and volunteers.

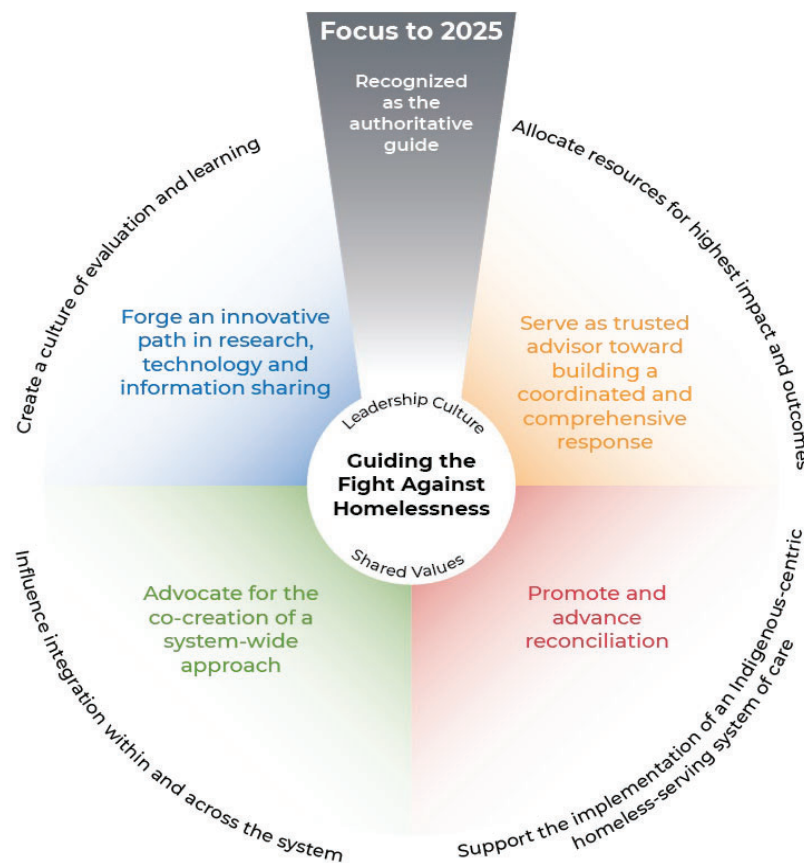
Our purpose: Calgary Homeless Foundation commits to guide the fight against homelessness.

We are uniquely positioned within the system of care to observe the many complicating factors that affect those faced with or experiencing homelessness.

Our broad line of sight gives us a deep understanding of the cause-and-effect dynamics of homelessness. This insight, delivered as an arm's length advisor, enables us to inspire governments, service providers and our community to undertake a shared responsibility to maximize our collective impact in the fight against homelessness.

In the Fall of 2021, CHF unveiled *Guiding the Fight Against Homelessness: Focus to 2025* strategic plan.

Our strategic plan emanates from Purpose, the heartbeat of CHF. It sits at the center of all that we do, enabled by our leadership culture and shared values. Our Ambition is to be recognized as the authoritative guide in conducting a unified fight against homelessness. Through to 2025, we have identified four Areas of Focus around which we will concentrate our efforts to create breakthrough. This is represented by the graphic below.



4. Fiscal 2022 Accomplishments

CHF accomplished several activities in Fiscal 2022 informed by our stated ambitions in our Focus to 2025 strategic plan.

Serve as the trusted advisor to all orders of government, the business community and all Calgarians toward building a coordinated and comprehensive response to the complicating issues affecting homelessness.

- CHF undertook a Family Sector Enhancement and Innovation process that leveraged the latest research in Canada and the US and the experience and expertise of those working in Calgary's Homeless-Serving System of Care resulting in more spaces, better program coordination and customization to meet unique needs of families.
- We became fiscal agent and coordinator of the Coordinated Community Winter Response in partnership with the City of Calgary, Calgary Transit, Calgary By-Law Services, Calgary Police Services, shelters, street outreach teams and non-profit service providers. This unprecedented level of collaboration truly showcased how the community can be served by working synergistically together. The challenge for CHF moving forward will be to work with all levels of government to ensure all parties understand roles and responsibilities while maintaining relationships.

Promote the reconciliation necessary to break down barriers by giving, receiving, listening, and reaching out in love.

- CHF transitioned our Indigenous Contract with Service Canada effective March 31, 2022, to support the implementation of an Indigenous-centric homeless serving system of care. We are the first in Canada to have accomplished this transition. This is a significant accomplishment within the CHF strategic plan.
- Intentional and ongoing Treaty 7 First Nations outreach resulted in Bearspaw and Tsuut'ina First Nations defining areas of collaboration. Again, this is a major accomplishment based on significant human resource investment on outreach into the community.

Advocate with unwavering conviction for the co-creation with community of a system wide approach to serving people experiencing homelessness.

- Continued work with external committees to dovetail with existing initiatives focused on a system wide approach
 - City of Calgary Mental Health and Addictions Leadership Group
 - SORCe 2.0 Strategic Plan with community
 - CEO Co-Chair of Coordinated Community Response to Homelessness Task Force
 - CEO Co-Chair with GOA for 7 Cities leadership collaboration

Forge an innovative path for targeted research, powerful data analytics, a cutting-edge technology platform and sponsored forum for sharing best practices.

- We continue to promote our expertise in utilizing data to inform our work including the development of agency dashboards to offer real time data access for agencies.
- We initiated a Theory of Change approach to measure collective outcomes within our sector.
- Continued outreach to the community to develop a reciprocal relationship based on mutual response to develop evaluation processes and identify gaps/trends in the sector.

- We commissioned research with support from a major donor to understand the causes of increased complexity and early mortality during the COVID pandemic amongst Persons Experiencing Homelessness (PEH). From April 1 2020 to March 31, 2021, CHF service providers reported 160 deaths representing a 74% increase from 2019 – 2020. Key findings were that 59% of death-related to substance abuse due to overdoses from mixed drug use and 23% due to injury and chronic disease. Another key finding is that deaths in our system often happen within the first 6 months of placement pointing to the need for more intense service at the front end.

5. Looking Forward to Fiscal 2023

- By the end of Fiscal 2023, CHF will align the Theory of Change and program financial data to generate system-level insights into the four Impact Domains (Health, Home, Connection and Finance). This initiative is critical to achieving a deeper understanding of the complexities of homelessness in Calgary. It will set the stage for developing predictive modelling to improve decision-making and outcomes and inform policy affecting our sector.
- To bolster our internal infrastructure and processes, we will map CHF's contract, grant management and procurement processes and implement software that will improve the efficiency of our internal infrastructure.
- We will implement a learning management software to streamline both internal and external training and tracking of our HMIS. We will continue to deliver internal cybersecurity training and testing and complete annual cybersecurity reviews, implement recommendations, and monitor for attempted attacks in response to increasing cybersecurity concerns.
- We will complete the transition of managing Government of Canada's Indigenous stream funding from CHF to an Indigenous Community Entity. This transition is an opportunity to act in the spirit of reconciliation, take on the role of an ally, and provide support to the new Indigenous Community Entity who will become responsible for working with the Indigenous community to allocate funds for greatest impacts and outcomes.
- We will continue to participate in strategic initiatives such as the City of Calgary Mental Health and Addictions Leadership Group, the City of Calgary Community Coordinated Winter Response, the Government of Alberta Coordinated Community Response to Homelessness Task Force, the SORCe 2.0 collaborative, and the CORE Working Group to influence and guide a coordinated fight against homelessness.
- To increase awareness about the sector's role in fighting homelessness in Calgary among elected officials, community leaders, and the public, we will operationalize a collaborative Storytelling Hub with 21 agencies and key strategic partners to harvest and publish stories about CHF and our sector and develop and monitor key performance indicators to measure the success of this initiative.
- We will also continue to diversify and broaden relationships with all levels of non-Indigenous governments (municipal, provincial, and federal). This will ensure that CHF has the required funding to meet its mandate and that government policies and funding decisions are evidence-informed and most effective at fighting homelessness. We will standardize processes and flows that will improve data capture and utilization, dissemination of learned behaviour and accountabilities in the annual system planning cycle. This involves mapping the data collection and contract and procurement processes and designing process enhancements.
- We will implement evaluation and learning approaches to facilitate a deeper understanding and application of a recovery-oriented system of care among our sector partners. A recovery-

oriented system of care moves beyond housing and focuses on improving quality of life for participants in our programs.

6. 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), transparent request for proposal (RFP) processes, and a tracking process for current contractual commitments.

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

Financial Risk

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

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

Political and Reputational Risk

CHF operates in a fluid political environment working with all four levels of government (Indigenous, municipal, provincial, and federal). This requires intentional and frequent communications with all stakeholders to ensure alignment and to diffuse potential issues that may affect CHSSC's ability to deliver programs and services to individuals and families experiencing homelessness. This approach allows CHF to brief these stakeholders about the Calgary context, how CHSSC is responding to the

complicating factors affecting homelessness to gain and maintain public confidence in the government, health and CHSSC responses.

6. Governance

The CHF Board of Directors ensures CHF meets all legal, financial, and regulatory requirements, makes progress on its stated goals, and is appropriately resourced to meet its goals. The Board acts to remove barriers or impediments and enhances engagement among community leaders. A list of the Board of Directors can be found on CHF website at: <http://calgaryhomeless.com/about/leadership/>.

7. Financial Results

Statement of Financial Position (as of March 31, 2022)

Cash decreased by \$0.6 million to \$21.2 million in Fiscal 2022 due a net decrease of \$10 million of restricted cash for COVID emergency response offset by an increase of \$3.1 million in operating funds, and \$6.5 million in investments redeemed and held in cash to be invested with two new investment firms in Fiscal 2023.

Current liabilities decreased by \$1.9 million to \$5.2 million in Fiscal 2022 primarily due to a decrease of \$1.6 million in accrued liabilities to agencies and \$0.1 million decrease in funds held in trust by Calgary Collaborative Capital Campaign.

Donations and grants decreased by \$19.6 million from \$91.8 million in Fiscal 2021 to \$72.2 million in Fiscal 2022 due to a decrease of \$17.8 million in government funding for COVID-19 emergency response, and a decrease of \$1.8 million of pledges collected through the Calgary Collaborative Capital Campaign for Affordable Housing. Investment income decreased by 27% to \$0.2 million due to lower interest rates in Fiscal 2022 combined with a reduction in funds held in an investment portfolio.

Operating expenses were \$71.1 million in Fiscal 2022, a 6.5% decrease compared to \$76.0 million in Fiscal 2021. The decrease is attributed to the current year reduction in government funding for COVID-19 emergency funding, offset with agency payments to utilize prior year COVID-19 unexpended funding. In both years, operating expenses consisted of payments to agencies delivering front line services to people at risk of or experiencing homelessness.

Administration expenses increased from \$5.2 million in Fiscal 2021 to \$5.3 million in Fiscal 2022. Administration expenses in Fiscal 2022 were comprised of \$4.0 million in salaries and \$1.3 million in office expenses. In comparison, Fiscal 2021 administration expenses were comprised of \$4.0 million in salaries and \$1.2 million in office expenses.

Deficiency of revenue over expenses is \$3.9 million in Fiscal 2022 compared to an excess of revenue over expenses of \$10.7 million in Fiscal 2021 is due to previous year COVID-19 emergency response funding, not expended in Fiscal 2021, being fully expended in Fiscal 2022.

Funds raised for operating costs in Fiscal 2022 were \$0.7 million. 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.

Liquidity and Capital Resources

In Fiscal 2022, operating activities used \$7.0 million, due to expenses exceeding revenue by \$3.9 million combined with a decrease of \$3.1 million in net working capital. In Fiscal 2021, operating activities generated \$9.9 million, due to a decrease in net working capital of \$.8 million and net of revenue exceeding expenses of \$10.7 million.

Investing activities generated \$6.4 million in Fiscal 2022, due to the redemption of term deposits. Investing activities used \$4.1 million in Fiscal 2021, due to the investment in term deposits.

Financial Statements of

CALGARY HOMELESS FOUNDATION

And Independent Auditors' Report thereon

Year ended March 31, 2022



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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 statement of financial position as at March 31, 2022
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the 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 financial position of the Entity 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.



We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity'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 8, 2022

CALGARY HOMELESS FOUNDATION

Statement of Financial Position

March 31, 2022, with comparative information for 2021

	Operating	System Programs	CCCCAH Campaign	March 31, 2022 Total	March 31, 2021 Total
Assets					
Current assets:					
Cash	\$16,655,993	\$ 3,619,667	\$ –	\$20,275,660	\$20,713,883
Restricted cash for CCCCCAH	–	–	883,754	883,754	1,031,229
Short-term investments (note 5)	1,009,438	–	–	1,009,438	7,484,697
Accounts receivable	21,085	626	597	22,308	22,437
Prepaid expenses	175,802	3,744,631	–	3,920,433	2,694,983
	17,862,318	7,364,924	884,351	26,111,593	31,947,229
Property and equipment (note 6)	49,899	–	–	49,899	39,335
	\$17,912,217	\$ 7,364,924	\$ 884,351	\$26,161,492	\$31,986,564

Liabilities and Funds Balances

Current liabilities:					
Accounts payable and accrued liabilities (note 7)	\$ 211,051	\$ 17,550	\$ –	\$ 228,601	\$ 1,730,593
Funds held in trust for CCCCCAH	–	–	884,351	884,351	1,031,900
Deferred contributions	9,361	281,747	–	291,108	445,194
Approved system programs disbursements (note 8)	–	3,793,039	–	3,793,039	3,857,657
	220,412	4,092,336	884,351	5,197,099	7,065,344
Funds balances:					
Internally restricted – net investment in property and equipment	49,899	–	–	49,899	39,335
Internally restricted – Wind-Up Reserve	2,100,000	–	–	2,100,000	2,100,000
Internally restricted – Sustainability Reserve	2,100,000	–	–	2,100,000	2,100,000
Internally restricted – Strategic Reserve	9,784,840	–	–	9,784,840	3,800,000
Externally restricted	–	3,272,588	–	3,272,588	10,568,486
Unrestricted	3,657,066	–	–	3,657,066	6,313,399
	17,691,805	3,272,588	–	20,964,393	24,921,220
Commitments and contingencies (notes 4 and 9)					
	\$17,912,217	\$ 7,364,924	\$ 884,351	\$26,161,492	\$31,986,564

See accompanying notes to the financial statements.

Approved by the Board of Directors



Chairman, Board of Directors



Chair, Audit Committee

CALGARY HOMELESS FOUNDATION

Statement of Operations

Year ended March 31, 2022, with comparative information for 2021

	Year ended March 31, 2022			Year ended
	Operating	System Programs	Total	March 31, 2021 Total
Revenue:				
Donations and grants	\$ 8,685,741	\$ 63,495,399	\$ 72,181,140	\$ 91,761,413
Special events	115,309	–	115,309	–
Investment income	100,585	49,602	150,187	205,213
	<u>8,901,635</u>	<u>63,545,001</u>	<u>72,446,636</u>	<u>91,966,626</u>
Operating expenses:				
Project disbursements	402,067	–	402,067	–
System program disbursements (note 8)	–	70,678,420	70,678,420	76,038,092
	<u>402,067</u>	<u>70,678,420</u>	<u>71,080,487</u>	<u>76,038,092</u>
Administrative expenses:				
Salaries	3,901,702	84,540	3,986,242	4,001,117
Office	1,230,119	77,939	1,308,058	1,181,970
Amortization	28,676	–	28,676	26,223
	<u>5,160,497</u>	<u>162,479</u>	<u>5,322,976</u>	<u>5,209,310</u>
Total expenses	<u>5,562,564</u>	<u>70,840,899</u>	<u>76,403,463</u>	<u>81,247,402</u>
(Deficiency) excess of revenue over expenses	\$ 3,339,071	\$ (7,295,898)	\$ (3,956,827)	\$ 10,719,224

See accompanying notes to the financial statements.

CALGARY HOMELESS FOUNDATION

Statement of Changes in Fund Balances

Year ended March 31, 2022, with comparative information for 2021

	Internally Restricted – net investment in property and equipment	Internally Restricted Wind-Up Reserve	Internally Restricted Sustainability Reserve	Internally Restricted Strategic Reserve	Externally restricted	Unrestricted	Total
Fund balances, March 31, 2020	\$ 65,558	\$ –	\$ –	\$ –	\$ 6,236,996	\$ 7,899,442	\$14,201,996
Establish internally restricted Reserves (note 12)	–	2,100,000	2,100,000	3,800,000	–	(8,000,000)	–
Interfund transfer	–	–	–	–	(1,061,056)	1,061,056	–
Excess (deficiency) of revenue over expenses	(26,223)	–	–	–	5,392,546	5,352,901	10,719,224
Fund balances, March 31, 2021	39,335	2,100,000	2,100,000	3,800,000	10,568,486	6,313,399	24,921,220
Purchase of property and equipment	39,240	–	–	–	–	(39,240)	–
Interfund transfer	–	–	–	5,984,840	–	(5,984,840)	–
(Deficiency) excess of revenue over expenses	(28,676)	–	–	–	(7,295,898)	3,367,747	(3,956,827)
Fund balances, March 31, 2022	\$ 49,899	\$ 2,100,000	\$ 2,100,000	\$ 9,784,840	\$ 3,272,588	\$ 3,657,066	\$20,964,393

See accompanying notes to the financial statements.

CALGARY HOMELESS FOUNDATION

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
(Deficiency) excess of revenue over expenses	\$ (3,956,827)	\$ 10,719,224
Add (deduct) items not affecting cash:		
Amortization	28,676	26,223
	(3,928,151)	10,745,447
Changes in non-cash working capital	(3,028,948)	(980,589)
(Decrease) increase in approved system programs disbursements	(64,618)	124,213
	(7,021,717)	9,889,071
Investing:		
Purchase of property and equipment	(39,240)	-
Redemption of short-term investments	7,484,697	3,400,851
Purchase of short-term investments	(1,009,438)	(7,484,697)
	6,436,019	(4,083,846)
(Decrease) increase in cash	(585,698)	5,805,225
Cash, beginning of year	21,745,112	15,939,887
Cash, end of year	\$ 21,159,414	\$ 21,745,112
Cash is comprised of:		
Cash	\$ 20,275,660	\$ 20,713,883
Restricted cash for CCCCAH Campaign	883,754	1,031,229
	\$ 21,159,414	\$ 21,745,112

See accompanying notes to the financial statements.

CALGARY HOMELESS FOUNDATION

Notes to Financial Statements

Year ended March 31, 2022, with comparative information for 2021

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 purpose is to guide the fight against homelessness in Calgary. The Foundation's stated objectives are to serve as a community partner in identifying the causes of and solutions to homelessness; to develop plans, in conjunction with all aspects of the community, that will provide access to housing for the homeless in Calgary; to provide leadership and focus to address homelessness issues in Calgary and to raise such funds as may be necessary to achieve these objectives.

2. Significant accounting policies:

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

(a) Fund accounting:

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

(b) Revenue recognition:

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

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

CALGARY HOMELESS FOUNDATION

Notes to Financial Statements, page 2

Year ended March 31, 2022, with comparative information for 2021

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 held at Canadian financial institutions which is highly liquid.

(d) Short-term investments:

Short-term investments are investments other than cash and have maturity dates of less than twelve months from the statement of financial position date. 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 the sum of undiscounted cash flows expected from its use and eventual disposal, and when such value cannot be determined, its fair value.

(f) Measurement uncertainty:

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

CALGARY HOMELESS FOUNDATION

Notes to Financial Statements, page 3

Year ended March 31, 2022, with comparative information for 2021

2. Significant accounting policies (continued):

(f) Measurement uncertainty (continued):

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

The 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.

The uncertainties around the outbreak of COVID-19 pandemic required the use of judgments and estimates which resulted in no material impacts for the year ended March 31, 2022. The future impact of COVID-19 uncertainties could generate, in future reporting periods, a risk of material adjustment to the reported amounts of assets, liabilities, revenue and expenses in the financial statements.

While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. The Foundation is unclear if this disruption will negatively impact its future operating results. The related financial impact and duration cannot be reasonably estimated at this time. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported on the statement of operations in the periods in which they become known. Consequently, actual results could differ from those estimates.

(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 CCCCAH campaign, short-term investments and accounts receivable.

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

CALGARY HOMELESS FOUNDATION

Notes to Financial Statements, page 4

Year ended March 31, 2022, with comparative information for 2021

2. Significant accounting policies (continued):

(g) Financial instruments (continued):

(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 the statement of operations. 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.

(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 and amortized on a straight-line basis over the terms of the instruments.

(h) Contributed goods and services:

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

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

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

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

CALGARY HOMELESS FOUNDATION

Notes to Financial Statements, page 5

Year ended March 31, 2022, with comparative information for 2021

3. CCCCAH (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, six additional partners joined. The purpose of CCCCAH is to fundraise to support the acquisition (both past and future) of affordable housing. The Foundation acts as the fiscal agent for the campaign. The fundraising campaign concluded March 31, 2018 and pledges continue to be collected.

Administration expenses incurred were \$36,971 (2021 – \$71,799). The Foundation also received \$36,000 (2021 – \$71,000) as a fiscal agent fee.

The Statement of Operations includes contributions of \$1,075,323 (2021 – \$2,861,763) made to the CCCCAH Campaign as system programs revenue and total expenditures and distributions related to the CCCCAH Campaign of \$1,075,323 (2021 – \$2,843,830) as system programs disbursements related to all partners' interest in the CCCCAH Campaign.

The Statement of Operations includes revenue of \$36,000 (2021 – \$17,733) as operating revenue representing CCCCAH distributions to the Foundation during the year.

4. Conveyance of affordable housing net assets:

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

The Foundation is one of the nine participating agencies in the CCCCAH campaign to fundraise capital for affordable housing which concluded on March 31, 2018 (Note 3). On September 30, 2016, the Foundation and the Society entered into agreements assigning the funds raised for the Foundation through the CCCCAH campaign to the Society (the "benefits"). The agreements specify that the Society is the registered owner and trustee of the properties for which CCCCAH fundraised (the "CCCCA assets"). In return for transferring the benefits and the CCCCAH assets, the Foundation is the beneficial owner of the CCCCAH assets with a net book value of \$98 million (2021 – \$94 million). The beneficial ownership of the CCCCAH assets will not transfer to the Society until the last pledge is received and the obligations of the CCCCAH campaign and the associated gift agreements have expired or terminated.

CALGARY HOMELESS FOUNDATION

Notes to Financial Statements, page 6

Year ended March 31, 2022, with comparative information for 2021

5. Short-term investments:

Short-term investments consist of a Guaranteed Investment Certificate of \$1,009,438 (2021 - \$3,458,882 and \$4,025,815) bearing interest at 1.14% per annum (2021 – 1.7% and 0.78%) and scheduled to mature on June 2, 2022.

6. Property and equipment:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 81,262	\$ 73,374	\$ 7,888	\$ –
Leasehold improvements	51,127	20,198	30,929	6,091
Software	66,489	55,407	11,082	33,244
	\$ 198,878	\$ 148,979	\$ 49,899	\$ 39,335

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.

During the year, the Foundation provided \$713,014 (2021 – \$7,710,602) of grant funding, of which \$60,000 was to extend COVID-19 precautions, \$252,160 was for a supportive housing program and \$350,000 was for an elevator replacement project. At year end, accounts payable includes \$nil (2021 – \$200,000) owing to the Society related to these programs.

CALGARY HOMELESS FOUNDATION

Notes to Financial Statements, page 7

Year ended March 31, 2022, with comparative information for 2021

7. Related party transactions (continued):

HomeSpace information

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

	2022	2021
Assets		
Current assets	\$ 13,397,017	\$ 10,211,309
Property held for affordable housing	140,076,478	118,011,972
Property and equipment	45,708	11,689
	<u>\$ 153,519,203</u>	<u>\$ 128,234,970</u>
Liabilities		
	\$ 27,555,042	\$ 20,646,496
Fund balances:		
Internally restricted – net investment in property and equipment	\$ 45,708	\$ 11,689
Internally restricted – net investment in property held for affordable housing	123,478,705	103,579,732
Internally restricted – capital reserve fund for building maintenance	1,582,619	2,065,429
Unrestricted	857,129	1,931,624
	<u>125,964,161</u>	<u>107,588,474</u>
	<u>\$ 153,519,203</u>	<u>\$ 128,234,970</u>
Revenue and Expenses		
	2022	2021
Revenue	\$ 27,104,844	\$ 17,444,522
Expenses	(8,729,157)	(14,470,653)
Excess of revenue over expenses	<u>\$ 18,375,687</u>	<u>\$ 2,973,869</u>
Cash provided from operating activities	\$ 13,871,260	\$ 2,795,787
Cash used in financial activities	\$ 5,169,057	\$ 13,362,564
Cash outflow from investing activities	<u>\$ (24,593,777)</u>	<u>\$ (22,773,161)</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, page 8

Year ended March 31, 2022, with comparative information for 2021

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 \$3,793,039 (2021 – \$3,857,657) over the next fiscal year. The terms of these agreements include a 30-day notification of cancellation of contracts. Only amounts representing the funding that are within the 30-day cancellation period have been accrued on the financial statements as at March 31, 2022.

9. Commitments and contingencies:

The Foundation has a lease for office space requiring the Foundation to pay monthly expenses of \$23,363. The lease expires on June 29, 2023 and signed a new lease contract that starts July 1, 2023 and runs until June 30, 2030.

As a result of the Foundation's beneficial ownership of the CCCCAH assets (Note 4):

- (a) The Foundation guarantees the Society's mortgages on the CCCCAH assets totaling \$3.1 million, with maturity dates ranging from 2022 to 2023, a current portion of \$181,726, interest rates ranging from 2.54% to 3.15% per annum on the mortgages and secured by assets with a net book value of \$14.6 million.
- (b) The Foundation guarantees the Society's \$5 million evergreen line of credit facility to finance land purchases, bearing interest at 3.48% per annum, of which \$nil has been drawn as of March 31, 2022.

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, restricted cash to CCCCAH, and short-term investments. The risk is mitigated as cash, restricted cash to CCCCAH, and short-term investments are deposited with major Canadian financial institutions.

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

CALGARY HOMELESS FOUNDATION

Notes to Financial Statements, page 9

Year ended March 31, 2022, with comparative information for 2021

10. Financial instruments (continued):

(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) Interest rate risk:

Interest rate risk arises on cash and cash equivalents, restricted cash to CCCCAH, and short-term investments. The Foundation is exposed to interest rate risk due to fluctuations in the bank's interest rates.

(d) 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 except for the events identified in note 13.

11. Statutory disclosures:

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

	2022	2021
Amounts paid as remuneration to employees whose principal duties involve fundraising	\$ 189,066	\$ 280,712

Proceeds from fundraising are disclosed as special events on the statement of operations.

CALGARY HOMELESS FOUNDATION

Notes to Financial Statements, page 10

Year ended March 31, 2022, with comparative information for 2021

12. Internally Restricted Funds:

During fiscal 2021, the Foundation established three new internally restricted funds from the existing unrestricted fund balance. The Foundation created these funds to address future requirements: Wind-Up Reserve, Sustainability Reserve and Strategic Reserve. The Wind-Up Reserve was established to ensure coverage of 100% of all legal commitments to wind up the Foundation in the event all annual funding is discontinued. The Sustainability Reserve was created to allow for orderly transition in the event a significant portion of annual funding is discontinued. The Strategic Reserve was formed to accumulate operating surpluses and will be allocated to strategic initiatives with Board approval. During the year \$5,984,840 (2021 – \$nil) was transferred from unrestricted funds to the Strategic Reserve.

13. COVID-19 Pandemic:

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

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

As at the reporting date, the COVID-19 emergency measures have been lifted. The Foundation has determined that COVID-19 has had no impact on its contracts or lease agreements, the assessment of provisions and contingent liabilities, or the timing of revenue recognition. Management has assessed the financial impacts of the COVID-19 pandemic and did not identify any negative impacts on its financial statements as at March 31, 2022.

The Foundation continues to manage liquidity risk by forecasting and assessing cash flow requirements on an ongoing basis. As at March 31, 2022, the Foundation continues to meet its contractual obligations within normal payment terms and the Foundation's exposure to credit risk remains largely unchanged.



Calgary Homeless FOUNDATION

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CHF aims to provide our stakeholders with transparency and accountability. Any complaints or concerns with CHF can be anonymously reported through our external whistleblower line at 403-214-1821.