

**The Children's Cottage Society of Calgary,
An Alberta Society**

Financial Statements

March 31, 2021

Independent Auditors' Report

To: The Members of **The Children's Cottage Society of Calgary, an Alberta Society**

Qualified Opinion

We have audited the financial statements of The Children's Cottage Society of Calgary, an Alberta Society (the "Society"), which comprise the statement of financial position as at March 31, 2021 and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2021, 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 Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2021 and 2020, current assets as at March 31, 2021 and 2020, and net assets as at March 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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 report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 qualified opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditors' report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The Annual Report is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

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

Independent Auditors' Report (continued)

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

Those charged with governance are responsible for overseeing the Society'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 these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

Kennedy Mack Susarchuk Stewart LLP

June 22, 2021
Calgary, Alberta

Chartered Professional Accountants

The Children's Cottage Society of Calgary,
An Alberta Society
Statement of Financial Position

As at March 31,

2021

2020

Assets

Current assets

Cash and cash equivalents (note 6)	\$ 1,006,053	\$ 917,028
Marketable investments (note 7)	1,047,097	607,858
Accounts receivable	83,915	147,571
Prepaid expenses	119,795	70,544
	<u>2,256,860</u>	<u>1,743,001</u>

Restricted cash and cash equivalents Child and Family Centre (notes 5, 6) 1,918,073 534,441

Restricted cash and cash equivalents (note 6) - 120,928

Restricted marketable investments (note 7) 1,191,018 1,158,016

Deferred Child and Family Centre costs (notes 5, 8) 576,616 570,518

Capital assets (notes 5, 9) 2,647,547 2,464,093
\$ 8,590,114 \$ 6,590,997

Liabilities

Current liabilities

Accounts payable and accrued liabilities \$ 484,062 \$ 460,561

Deferred contributions (note 10) 2,109,091 692,457

Deferred capital contributions (note 11) 569,186 563,088
3,162,339 1,716,106

Commitments (note 14)

Net Assets

Unrestricted	1,772,798	1,282,440
Internally restricted (notes 6, 7)	1,000,000	1,120,928
Invested in capital assets	2,654,977	2,471,523
	<u>5,427,775</u>	<u>4,874,891</u>
	<u>\$ 8,590,114</u>	<u>\$ 6,590,997</u>

Approved by the Board



Director



Director

See accompanying notes to the financial statements

The Children's Cottage Society of Calgary,
An Alberta Society
Statement of Operations

For the year ended March 31,

2021

2020

Revenue

Grants

Alberta Government	\$ 2,611,085	\$ 2,942,172
Calgary Homeless Foundation	1,136,455	1,120,813
The Brenda Strafford Foundation Ltd.	897,552	897,546
The City of Calgary - Family and Community Support Services	123,854	123,853
United Way of Calgary and Area	56,408	55,714
Other grants	4,735	3,885
	<u>4,830,089</u>	<u>5,143,983</u>

Emergency funding

Federal and Alberta Governments	210,029	27,217
Calgary Homeless Foundation	119,839	-
Donations and other contributions	75,000	-
	<u>404,868</u>	<u>27,217</u>

Donations

Donations and other contributions	1,698,898	2,043,041
Casino	72,086	77,754
	<u>1,770,984</u>	<u>2,120,795</u>

Total revenue

7,005,941 7,291,995

Expenses

Program delivery costs

Salaries and benefits - program staffing	4,209,421	4,590,325
Direct program costs	943,405	1,079,184
Salaries and benefits - administration	385,549	415,180
Facility expenses	286,650	183,633
Administration expenses	35,669	35,610
	<u>5,860,694</u>	<u>6,303,932</u>

Emergency costs

Salaries and benefits - program staffing	182,882	-
Direct program costs	156,986	27,217
	<u>339,868</u>	<u>27,217</u>

Administration

Salaries and benefits - administration	227,467	174,929
Administration expenses	165,000	167,688
Facility expenses	51,237	43,257
	<u>443,704</u>	<u>385,874</u>

Fund development

Salaries and benefits - fund development	113,801	142,824
Direct fundraising costs	49,333	90,080
	<u>163,134</u>	<u>232,904</u>

Child and Family Centre capital campaign (note 5)

Salaries and benefits - capital campaign	110,003	38,132
Administration expenses	31,055	47,913
Capital campaign consulting expenses	-	119,464
	<u>141,058</u>	<u>205,509</u>

Total expenses

6,948,458 7,155,436

Excess of revenue over expenses before investment income

57,483 136,559

Investment income (loss)

476,010 (82,051)

Excess of revenue over expenses

\$ 533,493 \$ 54,508

See accompanying notes to the financial statements

The Children's Cottage Society of Calgary,
An Alberta Society
Statement of Changes in Net Assets

For the year ended March 31,

2021

2020

	Invested in capital assets	Internally restricted	Unrestricted	Total	Total
Balance, beginning of year	\$ 2,471,523	\$ 1,120,928	\$ 1,282,440	\$ 4,874,891	\$ 4,678,059
Excess (deficiency) of					
revenues over expenses	(37,860)	-	571,353	533,493	54,508
Capital contributions for land	19,391	-	-	19,391	142,324
Purchase of capital assets	201,923	(40,000)	(161,923)	-	-
Transfer	-	(80,928)	80,928	-	-
Investment in deferred development	6,098	-	(6,098)	-	-
Capital contributions utilized	(6,098)	-	6,098	-	-
Balance, end of year	\$ 2,654,977	\$ 1,000,000	\$ 1,772,798	\$ 5,427,775	\$ 4,874,891

See accompanying notes to the financial statements

The Children's Cottage Society of Calgary,
An Alberta Society
Statement of Cash Flows

For the year ended March 31,

2021

2020

Operating activities

Excess of revenue over expenses	\$ 533,493	\$ 54,508
Items not affecting cash:		
Reinvested dividend income	(76,693)	(48,799)
Deferred contributions recognized in revenue (note 10)	(181,957)	(523,116)
Unrealized (gains) losses on investments	(395,548)	141,478
Amortization	37,860	1,587
	<u>(82,845)</u>	<u>(374,342)</u>
Contributions received (note 10)	1,624,080	1,373,098
Changes in non-cash working capital items:		
Accounts receivable	63,656	17,880
Prepaid expenses	(49,251)	2,055
Accounts payable and accrued liabilities	23,501	39,230
	<u>1,579,141</u>	<u>1,057,921</u>

Investing activities

Investment in land (note 9)	(19,391)	(142,324)
Purchase of capital assets (note 9)	(201,923)	-
Deferred Child and Family Centre costs (note 8)	(6,098)	(350,598)
	<u>(227,412)</u>	<u>(492,922)</u>

Increase in cash and cash equivalents

1,351,729 564,999

Cash and cash equivalents, beginning of year

1,572,397 1,007,398

Cash and cash equivalents, end of year

\$ 2,924,126 \$ 1,572,397

Cash and cash equivalents consists of:

Cash and cash equivalents	\$ 1,006,053	\$ 917,028
Restricted cash and cash equivalents (note 6)	1,918,073	655,369
	<u>\$ 2,924,126</u>	<u>\$ 1,572,397</u>

See accompanying notes to the financial statements

The Children's Cottage Society of Calgary, An Alberta Society

Notes to Financial Statements

March 31, 2021

1. Nature of operations

The Children's Cottage Society of Calgary, an Alberta Society (the "Society") was incorporated on October 11, 1989 under the Societies Act of the Province of Alberta as a charitable organization. As a registered charitable organization, the Society is exempt from corporate income taxes provided certain disbursement requirements are maintained.

The Society aims to prevent harm and neglect to all children and to build strong families through support services, respite programs and a crisis nursery in and around Calgary. The programs offered by the Society are the Crisis Nursery, the In Home Infant and Volunteer Day Care Respite Programs, the Early Years, Family Support Program, the Calgary West Family Resource Network and Calgary West, Okotoks and Cochrane Home Visitation Programs, Brenda's House, the Rapid Rehousing Program, the Home Links Program, the HomeBridge Program and the Adaptive Case Management program.

Crisis Nursery

Isolated families who require support in caring for their children during times of stress may come to the Society's Crisis Nursery for help. The Crisis Nursery provides 24 hour / 365 day emergency care for newborns to children eight years of age for stays of up to 72 hours. Children are provided shelter, food, toys and clothing in a safe and welcoming environment, while parents receive non-judgmental support, and referral to other community resources.

The Crisis Nursery also provides temporary care for children age 8 years and younger who have been apprehended by Alberta Government Child Intervention Services. Placement at the Crisis Nursery occurs when foster homes or other alternatives are not available. The length of stay is flexible and based on when suitable, permanent arrangements can be made.

The Crisis Nursery offers a family coaching service to those who access this program. Family Coaches work with families on a voluntary basis from the time of admission to when goals are achieved in order to help strengthen parenting and life skills.

In Home Infant Respite Program

The In Home Infant Respite Program provides respite and resource connections to parents of newborn to six-month-old infants who have no other means of assistance.

Volunteer Day Care Respite Program

Day Cares volunteer space subject to their availability and the intake staff at the Crisis Nursery connect families who meet eligibility criteria to receive day time respite for one day at no cost.

The Children's Cottage Society of Calgary, An Alberta Society

Notes to Financial Statements

March 31, 2021

1. Nature of operations (continued)

Early Years, Family Support Program

The Early Years, Family Support Program, is a program that provides home visitation support related to parenting education, child development information and connecting parents to needed community resources. Families are referred by the Calgary Children's Services program, Alberta Vulnerable Infant Response Team (AVIRT).

Calgary West Family Resource Network and Calgary West, Okotoks and Cochrane Home Visitation Programs

The Society was successful in being awarded new contracts by the Children's Services Ministry in respect of a new Family Resource Network ("FRN"). In April 2020, the Society entered into agreements to operate the Calgary West Family Resource Network #4 and home visitation programs to be connected to FRN #4, FRN #12 and #13 for Okotoks and Cochrane. The FRN consists of a "HUB" which offers home visitation programs by the Children's Cottage Society, youth programs through Hull, counselling through Catholic Family Services, parenting programs through Families Matter, and mentorship through Big Brothers, Big Sisters.

Brenda's House

Brenda's House is a shelter for families with children who are currently experiencing homelessness. Fourteen rooms are available to support homeless families along with a daily childcare program to support families to achieve their goals. The program operates in a facility owned by The Brenda Strafford Foundation Ltd. Families are provided with resources to meet their goals for health, well-being, housing, and development in order to leave the shelter into independent housing.

Rapid Rehousing, Home Links, HomeBridge and Adaptive Case Management Programs

The Rapid Rehousing, Home Links, and Adaptive Case Management Programs provide homeless families support to find and maintain housing. Families receive assistance in finding and securing affordable market housing, and in obtaining furnishings and assistance to set up their housing. Families are supported to address issues that have contributed to their chronic homelessness and may put them at risk of returning to homelessness. The Rapid Rehousing Program works with families requiring support for up to six months. The Home Links Program works with families requiring intensive support over one to two years. The Adaptive Case Management Program is a fee for service housing first program that provides families who are homeless and have not entered shelters with case management and housing support. HomeBridge is a prevention program that support families at risk of homelessness to find and receive solutions in an effort to ensure that they may remain in their housing immediately and over the long term. This program will also intervene to arrange hotel shelter placements when all family shelter spaces are exhausted in Calgary.

The Children's Cottage Society of Calgary, An Alberta Society

Notes to Financial Statements

March 31, 2021

2. Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, specifically Canadian accounting standards for not-for-profit organizations ("ASNFPPO").

3. Novel coronavirus ("COVID-19")

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19" was declared a global pandemic by the World Health Organization on March 11, 2020. Governments worldwide enacted emergency measures to combat the spread of the virus. These measures, which include public health measures requiring periodic closures of non-essential businesses, requesting the public to stay home as much as possible, the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The Society continues to operate all of its programs as they were designated essential services by the Government of Alberta. Operational modifications have been necessary to adopt health, safety and physical distancing protocols. Program delivery has been adapted as Alberta Health Services and the Government of Alberta provides regulations and guidance. A number of planned fundraising events were cancelled due to restrictions on the size of gatherings and how venues must comply with health regulations.

The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments.

4. Significant accounting policies

a) Measurement uncertainty

The preparation of financial statements in conformity with ASNFPPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

The Children's Cottage Society of Calgary, An Alberta Society

Notes to Financial Statements

March 31, 2021

4. Significant accounting policies (continued)

b) Allocation of expenses

The Society incurs a number of general support expenses that are common to the administration of the organization and each of its programs. Expenditures are recorded on an accrual basis and are charged to the Crisis Nursery, In Home Infant Respite Program, Early Years, Family Support Program, Calgary West Family Resource Network and Calgary West, Okotoks and Cochrane Home Visitation Programs, Brenda's House, Rapid Rehousing Program, Home Links Program, HomeBridge Program, and Adaptive Case Management Program according to the activity that they benefit.

The Society allocates its general support expenses by identifying the appropriate basis of allocation for each component expense and applying that basis consistently each year. General support expenses include administrative salaries, information technology, insurance and office supplies which have been allocated proportionately based on the number of full time staff in each program. This basis of allocation is reviewed periodically and may be revised according to circumstances prevailing from time to time.

c) Measurement of financial instruments

The Society initially measures its financial assets and liabilities at fair value.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for marketable investments and restricted marketable investments, which are measured at fair value. Changes in fair value are recognized in the statements of operations.

Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable, and restricted cash and cash equivalents. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statements of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

The Children's Cottage Society of Calgary, An Alberta Society

Notes to Financial Statements

March 31, 2021

4. Significant accounting policies (continued)

d) Cash and cash equivalents

The Society considered all investments with maturities of three months or less and demand loans that are utilized periodically for day to day operations to be cash equivalents.

e) Capital assets

Capital assets are recorded at cost. Cost includes acquisition costs, other direct costs, property taxes and legal costs. The Society provides for amortization using the estimated useful life as follows:

Assets	Method	Rate
Building	straight-line	10 years
Leasehold Improvements	straight-line	4 years
Furniture and fixtures	straight-line	3 years

One-half of a full year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal.

The Society records a write-down when the property no longer contributes to the Society's ability to provide goods and services or when the value of future economic benefits or service potential associated with it is less than its net carrying amount. The excess net carrying amount over its fair value or replacement cost is recognized as an expense in the statement of operations. Previous write-downs are not reversed.

The Children's Cottage Society of Calgary, An Alberta Society

Notes to Financial Statements

March 31, 2021

4. Significant accounting policies (continued)

f) Revenue recognition

The Society follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are initially deferred and recognized as revenue in the year in which the related expenses are incurred.

Restricted contributions received for capital assets are initially deferred and recognized as revenue over the useful life of the asset. Restricted contributions received for assets that will not be amortized are recognized directly to net assets.

Externally restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted and internally restricted investment income is recognized in the month it accrues.

Endowment contributions are recognized as direct increases in net assets.

g) Contributed materials and services

The Society records the value of donated materials and services when the fair value can be reasonably estimated and when the material and services are used in the normal course of the Society's operations and would otherwise have been purchased.

The Children's Cottage Society of Calgary, An Alberta Society

Notes to Financial Statements

March 31, 2021

5. The Child and Family Centre

The Society is developing a Child and Family Centre in the Montgomery area of Calgary, Alberta. Land has been acquired, the site has been cleared, and development and building permits are being finalized.

The new Centre will be 35,000 square feet and incorporate all the Society's current outreach programs, as well as new services that align with leading-edge research.

Below is certain financial information with respect to the Child and Family Centre.

	<u>2021</u>	<u>2020</u>
Assets		
Restricted cash and cash equivalents (note 6)	\$ 1,918,073	\$ 534,441
Deferred Child and Family Centre costs (note 8)	576,616	570,518
Child and Family Centre land (note 9)	2,483,484	2,464,093
	<u>\$ 4,978,173</u>	<u>\$ 3,569,052</u>

The Society has been fund raising for the project for the past several years and has recorded campaign expenses on the statement of operations which total \$960,777 over 6 years (2020 - \$819,719 over 5 years). On June 4, 2021, the Society has embarked on a public campaign with a view to securing adequate funds so that construction can commence as soon as possible.

To date, the Society has also collected a number of pledges from donors which will be converted into actual funding in due course.

6. Cash and cash equivalents and restricted cash and cash equivalents

A credit facility has been authorized to a maximum of \$100,000. No amount is outstanding on the credit facility as at the year end.

In February 2020, the Board approved using \$160,000 of the Society's surplus to invest in maintenance and repairs at its facilities, prepare the new Calgary West FRN Hub for use and acquire some IT equipment of which just over \$39,000 had been incurred by March 31, 2020. Cash of \$120,928 was presented as restricted in 2020, which was spent in 2021.

During the year ended March 31, 2021, the Society placed \$1,302,917 of donations raised for the Child and Family Centre in an investment savings account. The funds are available at any time to be used for future capital investment.

The Children's Cottage Society of Calgary, An Alberta Society

Notes to Financial Statements

March 31, 2021

7. Marketable investments

The Society has an investment portfolio, managed in accordance with the Society's investment policy, with a fair market value of \$2,238,115 at March 31, 2021 (2020 - \$1,765,874).

	2021	2020
Marketable investments – allocated to meet external restrictions	\$ 191,018	\$ 158,016
Marketable investments – internally restricted by the Board	1,000,000	1,000,000
	<u>1,191,018</u>	<u>1,158,016</u>
Marketable investments - unrestricted	1,047,097	607,858
	<u>\$ 2,238,115</u>	<u>\$ 1,765,874</u>

63% of the investment portfolio is invested in equities which are listed on an actively traded market.

The Board may, from time to time, approve a transfer of these funds for operating and capital expenditures but will maintain a minimum market value balance of \$1,000,000.

8. Deferred Child and Family Centre costs

Deferred Child and Family Centre costs include architecture and project management costs for the building of a new facility, named the Child and Family Centre. During the year \$6,098 (2020 - \$350,598) of Child and Family Centre costs were capitalized.

9. Capital assets

	2021		
	Cost	Accumulated Amortization	Net Book Value
Land held for Child and Family Centre	\$ 2,483,484	\$ -	\$ 2,483,484
Building	78,677	78,677	-
Leasehold Improvements	201,923	37,860	164,063
Furniture and fixtures	6,353	6,353	-
	<u>\$ 2,770,437</u>	<u>\$ 122,890</u>	<u>\$ 2,647,547</u>
	2020		
	Cost	Accumulated Amortization	Net Book Value
Land held for Child and Family Centre	\$ 2,464,093	\$ -	\$ 2,464,093
Building	78,677	78,677	-
Furniture and fixtures	6,353	6,353	-
	<u>\$ 2,549,123</u>	<u>\$ 85,030</u>	<u>\$ 2,464,093</u>

The Children's Cottage Society of Calgary, An Alberta Society

Notes to Financial Statements

March 31, 2021

10. Deferred contributions

Deferred contributions represent unspent donations, grants and fundraising that have been designated by the donor for a specific purpose.

	2021	2020
Beginning balance	\$ 692,457	\$ 335,397
Contributions received in the year	1,624,080	1,373,098
Contributions recognized as revenue in the year	(181,957)	(523,116)
Contributions spent for the purchase of capital assets (see note 10)	(25,489)	(492,922)
Ending balance	<u>\$ 2,109,091</u>	<u>\$ 692,457</u>

Included in deferred contributions is \$1,918,073 (2020 - \$534,441) of deferred contributions designated to be used for capital purposes for the Child and Family Centre.

11. Deferred capital contributions

Deferred capital contributions represent contributed capital assets and restricted contributions that have been designated by donors for the purchase of capital assets.

The changes in the deferred capital contributions balance for the year are as follows:

	2021	2020
Beginning balance	\$ 563,088	\$ 212,490
Capital assets purchased with contributions	25,489	492,922
Capital assets transferred to net assets	(19,391)	(142,324)
Ending balance	<u>\$ 569,186</u>	<u>\$ 563,088</u>

12. Endowment funds held by The Calgary Foundation

The Calgary Foundation has received cumulative contributions, planned gifts and grants of \$35,785 (2020 - \$31,799) designated by the donors to be retained permanently by the Calgary Foundation for the benefit of the Society. The Society receives income from the Calgary Foundation annually, set at 4% of the market value of the fund, calculated monthly. The Society received in the year \$1,366 (2020 - \$1,259) of revenues from this fund.

The Children's Cottage Society of Calgary, An Alberta Society

Notes to Financial Statements

March 31, 2021

13. Related party transactions

Brenda's House

The Society exercises significant influence over the Brenda's House program by virtue of its involvement in decision-making regarding this program's financial and operating matters.

Under an agreement with The Brenda Strafford Foundation Ltd. (the "Foundation") who owns the facility and provides its use at no cost to support homeless families, the Society is responsible for the operation of Brenda's House. The Foundation acts as a charitable agent receiving the funds from the Alberta Government Community and Social Services Ministry, Housing and Homelessness Branch and distributes these funds to the Society. These funds support the operating expenses of Brenda's House. The amount of the grant received for the current year is \$897,552 (2020 - \$897,546). Of this amount, \$897,552 (2020 - \$897,546) was recognized as revenue.

14. Commitments

The Society has entered into 2 leases for office premises, which expire on November 30, 2022 and June 30, 2024, respectively. Future minimum annual commitments, including an estimate of the proportionate share of operating expenses for the office premises and for equipment under operating leases, are as follows:

Fiscal years ending March 31,	
2022	\$ 244,894
2023	207,938
2024	128,229
2025	8,508
2026	780
	<hr/>
	\$ 590,349

15. Financial Instruments

The Society's use of financial instruments and its exposure to risks associated with such instruments arises out of its normal course of operations and investing activities. Operations are located in Calgary. The Society is not exposed to significant credit risk.

As a condition of its banking arrangements, the Society has entered into a general security agreement covering all assets of the Society with the Royal Bank of Canada.

Market Risk

The Company is exposed to the risk that the fair value of its investments in securities will fluctuate because of public market price changes.

The Children's Cottage Society of Calgary, An Alberta Society

Notes to Financial Statements

March 31, 2021

15. Financial Instruments (continued)

Financial assets

The carrying amounts of financial assets recognized in the financial statements consist of those:

	2021	2020
Measured at amortized cost	\$ 3,008,041	\$ 1,719,968
Measured at fair value	2,238,115	1,765,874
	<u>\$ 5,246,156</u>	<u>\$ 3,485,842</u>

16. Comparative figures

The financial statements for the prior year have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.