

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

Financial Statements

March 31, 2024

## 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, 2024 and the statements of operations and 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, 2024, 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, 2024 and 2023, current assets as at March 31, 2024 and 2023, and net assets as at April 1 and March 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended March 31, 2023 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.

We obtained the Annual Report prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. We have nothing to report in this regard.

### 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.

June 20, 2024

Calgary, Alberta



Chartered Professional Accountants


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

As at March 31,

			2024	2023
	Operating fund	Child & Family Centre fund	Total	Total
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents (note 5)	\$ 348,469	\$ 857,722	\$ 1,206,191	\$ 2,334,198
Marketable investments (note 7)	801,332	-	801,332	587,857
Accounts receivable	7,838	8,273	16,111	61,675
GST receivable	12,500	91,569	104,069	274,663
Contribution receivable	25,000	1,000,000	1,025,000	79,593
Prepaid expenses and deposits	146,588	398,529	545,117	507,646
	<u>1,341,727</u>	<u>2,356,093</u>	<u>3,697,820</u>	<u>3,845,632</u>
<b>Restricted cash and cash equivalents (note 5)</b>	1,000,000	-	1,000,000	-
<b>Restricted term deposit (note 6)</b>	250,000	-	250,000	250,000
<b>Restricted marketable investments (note 7)</b>	1,216,788	-	1,216,788	1,207,435
<b>Deferred development costs (note 8)</b>	-	-	-	10,934,370
<b>Capital assets (note 9)</b>	12,620	24,208,060	24,220,680	2,679,734
	<u>\$ 3,821,135</u>	<u>\$ 26,564,153</u>	<u>\$ 30,385,288</u>	<u>\$ 18,917,171</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	\$ 592,988	\$ 264,215	\$ 857,203	\$ 1,821,877
Loan payable (note 4)	-	7,832,478	7,832,478	-
	<u>1,216,788</u>	<u>-</u>	<u>1,216,788</u>	<u>207,435</u>
<b>Deferred contributions (note 10)</b>	1,809,776	8,096,693	9,906,469	2,029,312
<b>Commitments (note 13)</b>				
<b>Net Assets</b>				
Unrestricted	748,739	-	748,739	665,850
Externally restricted	250,000	2,091,878	2,341,878	1,607,905
Internally restricted (note 7)	1,000,000	-	1,000,000	1,000,000
Invested in capital assets	12,620	16,375,582	16,388,202	13,614,104
	<u>2,011,359</u>	<u>18,467,460</u>	<u>20,478,819</u>	<u>16,887,859</u>
	<u>\$ 3,821,135</u>	<u>\$ 26,564,153</u>	<u>\$ 30,385,288</u>	<u>\$ 18,917,171</u>

Approved by the Board

  
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Director

  
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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,

			<b>2024</b>	<b>2023</b>
	Operating fund	Child & Family Centre fund	Total	Total
<b>Revenue</b>				
<i>Grants</i>				
Alberta Government	\$ 2,665,694	\$ -	\$ 2,665,694	\$ 2,697,490
The Brenda Strafford Foundation Ltd.	1,226,990	-	1,226,990	1,024,563
Alberta Government - Child & Family Centre Calgary Foundation	-	1,000,000	1,000,000	1,000,000
Calgary Homeless Foundation	731,980	-	731,980	715,857
The City of Calgary - Family and Community Support Services	162,565	-	162,565	123,854
Other grants	-	-	-	80,000
United Way of Calgary and Area	64,000	-	64,000	64,000
	<u>4,851,229</u>	<u>2,000,000</u>	<u>6,851,229</u>	<u>5,705,764</u>
<i>Donations</i>				
Donations and other contributions	1,870,511	1,658,841	3,529,352	8,458,042
Casino	103,351	64,728	168,079	99,471
	<u>1,973,862</u>	<u>1,723,569</u>	<u>3,697,431</u>	<u>8,557,513</u>
Total revenue	<u>6,825,091</u>	<u>3,723,569</u>	<u>10,548,660</u>	<u>14,263,277</u>
<b>Expenses</b>				
<i>Program delivery costs</i>				
Salaries and benefits - program staffing	4,354,838	-	4,354,838	4,322,571
Direct program costs	739,124	-	739,124	801,763
Salaries and benefits - administration	311,586	-	311,586	320,051
Facility expenses	202,581	-	202,581	203,823
Administration expenses	31,578	-	31,578	32,342
	<u>5,639,707</u>	<u>-</u>	<u>5,639,707</u>	<u>5,680,550</u>
<i>Administration</i>				
Administration expenses	330,660	-	330,660	628,803
Salaries and benefits - administration	546,221	-	546,221	400,087
Facility expenses	219,774	-	219,774	121,626
	<u>1,096,655</u>	<u>-</u>	<u>1,096,655</u>	<u>1,150,516</u>
<i>Fund development</i>				
Salaries and benefits - fund development	214,562	-	214,562	189,307
Direct fundraising costs	107,250	-	107,250	90,830
	<u>321,812</u>	<u>-</u>	<u>321,812</u>	<u>280,137</u>
<i>Child and Family Centre capital campaign (note 4)</i>				
Administration expenses	-	39,855	39,855	119,155
Salaries and benefits - capital campaign	-	146,182	146,182	103,115
	<u>-</u>	<u>186,037</u>	<u>186,037</u>	<u>222,270</u>
Total expenses	<u>7,058,174</u>	<u>186,037</u>	<u>7,244,211</u>	<u>7,333,473</u>
<b>Excess (deficiency) of revenues over expenses before investment income</b>	(233,083)	3,537,532	3,304,449	6,929,804
Investment income (loss)	265,491	21,020	286,511	(11,113)
<b>Excess (deficiency) of revenue over expenses</b>	<u>\$ 32,408</u>	<u>\$ 3,558,552</u>	<u>\$ 3,590,960</u>	<u>\$ 6,918,691</u>

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,

	<b>2024</b>				
	Unrestricted	Externally restricted	Internally restricted	Invested in capital assets	Total
<b>Balance, beginning of year</b>	\$ 665,850	\$ 1,607,905	\$ 1,000,000	\$ 13,614,104	\$ 16,887,859
Excess (deficiency) of revenues over expenses	32,408	3,558,552	-	-	3,590,960
Amortization of capital assets	50,481	-	-	(50,481)	-
Purchase of capital assets	-	(3,672)	-	3,672	-
Net investment in deferred development	-	(2,820,907)	-	2,820,907	-
<b>Balance, end of year</b>	<b>\$ 748,739</b>	<b>\$ 2,341,878</b>	<b>\$ 1,000,000</b>	<b>\$ 16,388,202</b>	<b>\$ 20,478,819</b>

	<b>2023</b>				
	Unrestricted	Externally restricted	Internally restricted	Invested in capital assets	Total
<b>Balance, beginning of year</b>	\$ 1,822,803	\$ 3,630,704	\$ 1,000,000	\$ 3,515,661	\$ 9,969,168
Excess (deficiency) of revenues over expenses	(957,434)	7,876,125	-	-	6,918,691
Amortization of capital assets	50,481	-	-	(50,481)	-
Purchase of capital assets	-	(11,279)	-	11,279	-
Investment in deferred development	-	(10,137,645)	-	10,137,645	-
Purchase of restricted term deposit	(250,000)	250,000	-	-	-
<b>Balance, end of year</b>	<b>\$ 665,850</b>	<b>\$ 1,607,905</b>	<b>\$ 1,000,000</b>	<b>\$ 13,614,104</b>	<b>\$ 16,887,859</b>

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,

**2024**

**2023**

**Operating activities**

Excess (deficiency) of revenue over expenses	\$ 3,590,960	\$ 6,918,691
Items not affecting cash:		
Reinvested dividend income	(41,329)	(36,179)
Deferred contributions recognized in revenue (note 10)	(207,244)	(175,387)
Unrealized losses on marketable investments	(181,499)	173,269
Amortization	50,481	50,481
	<u>3,211,369</u>	<u>6,930,875</u>
Contributions received (note 10)	1,216,597	247,541
Changes in non-cash working capital items:		
Accounts receivable	45,564	(43,323)
GST receivable	170,594	(246,210)
Contribution receivable	(945,407)	(79,593)
Prepaid expenses and deposits	(37,471)	(367,380)
Accounts payable and accrued liabilities	95,847	45,175
	<u>3,757,093</u>	<u>6,487,085</u>

**Investing activities**

Purchase of capital assets	(3,672)	(11,279)
Deferred development costs (note 8)	(11,713,906)	(8,812,909)
Purchase of restricted term deposit	-	(250,000)
Proceeds from sale of marketable investments	-	350,000
	<u>(11,717,578)</u>	<u>(8,724,188)</u>

**Financing activities**

Proceeds from loan payable	<u>7,832,478</u>	<u>-</u>
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**Increase (decrease) in cash and cash equivalents**

	(128,007)	(2,237,103)
Cash and cash equivalents, beginning of year	<u>2,334,198</u>	<u>4,571,301</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 2,206,191</u>	<u>\$ 2,334,198</u>

**Cash and cash equivalents consists of:**

Cash - unrestricted	\$ 348,469	\$ 341,260
Cash - restricted	357,722	492,938
Guaranteed investment certificates - restricted (note 5)	<u>1,500,000</u>	<u>1,500,000</u>
	<u>\$ 2,206,191</u>	<u>\$ 2,334,198</u>

See accompanying notes to the financial statements

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

Notes to Financial Statements

March 31, 2024

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## 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 Nurturing Newborns (formerly In Home Infant Respite) 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 and the Home Links 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 short term but flexible and based on when suitable foster or kinship placement 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 build life skills to cope with adversity.

### Nurturing Newborns (formerly In Home Infant Respite) Program

The Nurturing Newborns Program provides respite care in the family home on a weekly basis and connections to community resources for parents of children, newborn to six months old, who have no other means of assistance.

### Volunteer Day Care Respite Program

Day Cares provide temporary space in their facilities subject to their availability and the intake staff at the Crisis Nursery connect struggling families who meet eligibility criteria with day time respite at community Day Cares at no cost.



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

Notes to Financial Statements

March 31, 2024

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## 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 operates a Family Resource Network (FRN) that serves communities in the west quadrant of Calgary as well as Home Visitation programs connected to Calgary West, Okotoks, and Cochrane FRN's. Each FRN consists of a collaboration of organizations that offer prevention and early intervention services and support to families with children from birth to age 17 and expectant parents.

### 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 and strengthen their resilience in the face of future adversity.

### HomeLinks Program

The HomeLinks Program provides 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. After being rehoused, families are supported to address issues that have contributed to their homelessness and help them achieve goals and make changes that will prevent their return to homelessness and maintain their housing stability going forward.

## 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 ("ASNFPO").

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

Notes to Financial Statements

March 31, 2024

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## 3. Significant accounting policies

### a) Fund accounting

The Society accounts for its activities using the following funds:

#### ***Operating fund***

This operating fund reports assets, liabilities, revenues and expenses related to the Society's program delivery and operations.

#### ***Child & Family Centre fund***

This restricted fund reports the assets, liabilities, revenues and expenses related to the Child & Family Centre.

### 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, Nurturing Newborns (formerly In Home Infant Respite) and Volunteer Day Care Respite Programs, Early Years, Family Support Program, Calgary West Family Resource Network and Calgary West, Okotoks and Cochrane Home Visitation Programs, Brenda's House and Home Links 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, except for certain non-arm's length transactions.

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, restricted term deposit, accounts receivable, contributions receivable and restricted cash and cash equivalents. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and loan payable.

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

Notes to Financial Statements

March 31, 2024

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### 3. Significant accounting policies (continued)

c) Measurement of financial instruments (continued)

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.

d) Cash and cash equivalents

The Society considered all investments with maturities of three months or less, cashable guaranteed investments certificates 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	50/10 years
Leasehold Improvements	straight-line	4 years
Furniture and fixtures	straight-line	5 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, 2024

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### 3. Significant accounting policies (continued)

f) Deferred development costs

The Society capitalizes all direct costs relating to design, development, project management and construction of the Child and Family Centre. Indirect administrative costs are expensed in the year incurred. Capitalized deferred development costs will not be amortized until the Child and Family Centre has been put into use.

g) Revenue recognition

The Society follows the restricted fund method of accounting for contributions.

Restricted contributions received related to general operations or for which no restricted fund exists are recognized in the Operating fund in the year in which related expenses are incurred. Restricted contributions received related to the Child & Family Centre are recognized as revenue in the Child & Family Centre fund when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

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

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

Investment income is recognized in the month it accrues in the appropriate fund.

Endowment contributions are recognized as direct increases in net assets.

h) 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, 2024

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## 4. The Child and Family Centre

The Society has developed a Child and Family Centre (“Centre”) in the Montgomery area of Calgary, Alberta. Land was acquired, the site cleared, development and building permits were issued by the City of Calgary prior to construction beginning in May 2022. Based on almost all items being completed prior to the Grand Opening of the Centre on April 3, 2024, the Society has recognized that the Centre was finished on March 31, 2024 and all previously deferred costs were transferred to Capital Assets on that date.

The new Centre extends to 35,000 square feet and incorporates all the Society’s current outreach programs, as well as new services that align with leading-edge research.

The Society’s Board amended the total budget for the Centre to \$25,700,000 in December 2023 where just over \$2,600,000 has been invested in the land for the new Centre, \$20,400,000 has been spent on the construction (including \$250,000 loan interest), \$1,200,000 has been invested in furniture and fixtures and \$1,500,000 has been incurred as campaign expenses over the past 9 years.

To partially finance the construction, the Society obtained a \$10,000,000 non-revolving term facility, with monthly interest only payments at the bank’s prime lending rate, maturing May 31, 2024. As at March 31, 2024, \$7,832,478 was drawn on this facility. Subsequent to year end, the Society partially repaid the loan to \$7,000,000 and converted the loan to mortgage financing with the bank, as described below.

### Mortgage Financing – effective May 2024

	Amount	Term	Interest Rate	Monthly Payment
Facility #1	\$6,000,000	1 year	5.92%	\$38,382
Facility #2	\$1,000,000	1 year	Bank’s prime lending rate	\$ 3,333 plus interest

While the Society continues to run a public campaign with a view to securing adequate funds to repay the above mortgage debt, the Society’s Board has approved the creation of a debt repayment reserve within the Child & Family Centre fund subsequent to year end. This reserve is intended to fund all principal and interest payments for 2 years to ensure the Operating fund is not impacted by these debt payments.

## 5. Cash and cash equivalents

Included in cash and cash equivalents are two (2023 - one) guaranteed investment certificates totaling \$1,500,000 (2023 - \$1,500,000) redeemable on demand at the discretion of the Society with interest rates from 4.95% to 5.20% per annum (2023 - 4.7%).

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

Notes to Financial Statements

March 31, 2024

**5. Cash and cash equivalents (continued)**

	2024			2023	
	Unrestricted	Restricted	Total	Total	
<b>Operating Fund</b>					
Cash	\$ 348,469	\$ -	\$ 348,469	\$	341,260
Guaranteed investment certificates	-	1,000,000	1,000,000	-	-
	348,469	1,000,000	1,348,469	341,260	
<b>Child &amp; Family Centre Fund</b>					
Cash	-	357,722	357,722	492,938	
Guaranteed investment certificates	-	500,000	500,000	1,500,000	
	-	857,722	857,722	1,992,938	
<b>Grand total</b>	<b>\$ 348,469</b>	<b>\$ 1,857,722</b>	<b>\$ 2,206,191</b>	<b>\$</b>	<b>2,334,198</b>

**6. Restricted term deposit**

Included in restricted term deposit is a non-redeemable guaranteed investment certificate of \$250,000 with an interest rate of 4.0%, maturing in March 2025, which is pledged as security to cover interest payable on the \$10,000,000 non-revolving term facility described in note 4. In conjunction with the repayment of the non-revolving term facility in May 2024, the bank released this security.

**7. Marketable investments**

The Society has an investment portfolio, managed in accordance with the Society's investment policy, with a fair market value of \$2,018,120 at March 31, 2024 (2023 - \$1,795,292).

	2024		2023	
Allocated to meet external restrictions	\$	216,788	\$	207,435
Internally restricted by the Board		1,000,000		1,000,000
		1,216,788		1,207,435
Unrestricted		801,332		587,857
	<b>\$</b>	<b>2,018,120</b>	<b>\$</b>	<b>1,795,292</b>

65% (2023 - 62%) 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.

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

Notes to Financial Statements

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## 8. Deferred development costs

Deferred development costs include architecture, construction and project management costs for the building of a new facility, named the Child & Family Centre. During the year \$10,626,385 (2023 - \$10,137,645) of Child & Family Centre costs were capitalized of which \$264,215 was included in accounts payable and accrued liabilities at year end. The Child & Family Centre was substantially completed at year end and was transferred to capital assets.

## 9. Capital assets

	<b>2024</b>		
	Cost	Accumulated Amortization	Net Book Value
<b>Operating Fund</b>			
Leasehold Improvements	\$ 201,923	\$ 189,303	\$ 12,620
Building	78,677	78,677	-
Furniture and fixtures	6,353	6,353	-
	<u>286,953</u>	<u>274,333</u>	<u>12,620</u>
<b>Child &amp; Family Centre Fund</b>			
Building	20,396,199	-	20,396,199
Land held for Child & Family Centre	2,620,305	-	2,620,305
Furniture and fixtures	1,191,556	-	1,191,556
	<u>24,208,060</u>	<u>-</u>	<u>24,208,060</u>
<b>Grand total</b>	<u>\$ 24,495,013</u>	<u>\$ 274,333</u>	<u>\$ 24,220,680</u>
			<b>2023</b>
	Cost	Accumulated Amortization	Net Book Value
<b>Operating Fund</b>			
Leasehold Improvements	\$ 201,923	\$ 138,822	\$ 63,101
Building	78,677	78,677	-
Furniture and fixtures	6,353	6,353	-
	<u>286,953</u>	<u>223,852</u>	<u>63,101</u>
<b>Child &amp; Family Centre Fund</b>			
Land held for Child & Family Centre	2,616,633	-	2,616,633
<b>Grand total</b>	<u>\$ 2,903,586</u>	<u>\$ 223,852</u>	<u>\$ 2,679,734</u>

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

Notes to Financial Statements

March 31, 2024

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## 10. Deferred contributions

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

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 207,435	\$ 135,281
Contributions received in the year	1,216,597	247,541
Contributions recognized as revenue in the year	(207,244)	(175,387)
Ending balance	<u>\$ 1,216,788</u>	<u>\$ 207,435</u>

## 11. Endowment funds held by The Calgary Foundation

The Calgary Foundation has received cumulative contributions, planned gifts and grants of \$36,473 (2023 - \$35,666) 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 3% of the market value of the fund, calculated monthly. The Society received in the year \$1,724 (2023 - \$1,723) of revenues from this fund.

## 12. 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 \$1,226,990 (2023 - \$1,024,563).



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

Notes to Financial Statements

March 31, 2024

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## 13. Commitments

The Society has 1 lease for office premises, which expires in June 2024. 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,	
2025	\$ 23,293
2026	6,879
2027	6,879
2028	6,879
2029	5,159
	<hr/>
	\$ 49,089

## 14. 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.

### *Interest rate risk*

The Society is exposed to the risk that future cash flows will fluctuate as there is a floating interest rate on its bank loan.

### *Market Risk*

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

### *Liquidity risk*

The Society is exposed to the risk that it will encounter difficulty in meeting obligations associated with financial liabilities.

### *Financial assets*

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

	<b>2024</b>	<b>2023</b>
Measured at amortized cost	\$ 3,497,302	\$ 2,725,466
Measured at fair value	2,018,120	1,795,292
	<hr/>	<hr/>
	\$ 5,515,422	\$ 4,520,758