HomeSpace Society

Financial Statements

March 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of HomeSpace Society

Opinion

We have audited the financial statements of HomeSpace Society (the "Society"), which comprise the statement of financial position as at March 31, 2021 and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 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 Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or 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.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

RSM Alberta LLP

Chartered Professional Accountants
June 9, 2021
Calgary, Alberta

HomeSpace Society

(Incorporated under the laws of Alberta)

Statement of Financial Position

March 31, 2021

	Operating	Capital	Total 2021	Total 2020
Assets				
Current assets				
Cash	$ 4,908,671	$ 4,016,591	$ 8,925,262	$ 15,540,072
Restricted cash	-	-	-	107,000
Accounts receivable	399,538	631,755	1,031,293	900,876
Prepaid expenses	254,754	-	254,754	126,162
	5,562,963	4,648,346	10,211,309	16,674,110
Property held for affordable housing (note 4)	-	118,011,972	118,011,972	97,247,559
Equipment (note 5)	11,689	-	11,689	10,558
	$ 5,574,652	$122,660,318	$128,234,970	$113,932,227
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	$ 1,019,254	$ 2,228,068	$ 3,247,322	$ 5,375,027
Deferred contributions	195,745	-	195,745	111,911
Current portion of mortgages payable (note 6)	-	176,932	176,932	172,266
Tenant deposits	310,911	-	310,911	238,814
	1,525,910	2,405,000	3,930,910	5,898,018
Mortgages payable (note 6)	-	10,486,010	10,486,010	3,330,612
Loans payable (note 7)	-	6,189,576	6,189,576	88,992
Canada Emergency Business Account (CEBA) loan (note 8)	40,000	-	40,000	-
	1,565,910	19,080,586	20,646,496	9,317,622
Fund Balances				
Internally restricted - net investment in equipment	11,689	-	11,689	10,558
Internally restricted - net investment in property held for affordable housing	-	103,579,732	103,579,732	97,789,269
Internally restricted - capital reserve fund for building maintenance	2,065,429	-	2,065,429	3,056,718
Unrestricted net assets	1,931,624	-	1,931,624	3,758,060
	4,008,742	103,579,732	107,588,474	104,614,605
	$ 5,574,652	$122,660,318	$128,234,970	$113,932,227

Commitments and contingencies (note 13)

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

Approved by the Board,

DMcl, Director David McIlven, Board Chair

DAB, Director Dale Brown, Board Treasurer

HomeSpace Society
Statement of Operations
Year Ended March 31, 2021

	Operating	Capital	Total 2021	Total 2020
Revenue				
Donations and grants	$ 972,824	$ 4,137,515	$ 5,110,339	$ 14,984,537
Rental revenue	4,710,075	-	4,710,075	4,258,876
Interest and investment income	54,092	27,595	81,687	416,994
Miscellaneous income	38,979	-	38,979	11,861
COVID-19 emergency isolation centre (note 10)	7,458,442	-	7,458,442	-
Government assistance (note 8)	45,000	-	45,000	-
	13,279,412	4,165,110	17,444,522	19,672,268
Operating expenses				
Real property costs	3,622,138	30,749	3,652,887	2,471,402
Interest	-	103,539	103,539	95,689
Special events	49,635	-	49,635	35,744
COVID-19 emergency isolation centre (note 10)	7,087,985	-	7,087,985	-
	10,759,758	134,288	10,894,046	2,602,835
Administrative expenses				
Salaries	1,250,286	-	1,250,286	1,122,088
Office	299,506	19,198	318,704	578,993
Amortization	7,134	2,000,483	2,007,617	1,561,839
	1,556,926	2,019,681	3,576,607	3,262,920
	12,316,684	2,153,969	14,470,653	5,865,755
Excess of revenue over expenses	$ 962,728	$ 2,011,141	$ 2,973,869	$ 13,806,513

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

HomeSpace Society

Statement of Changes in Fund Balances

Year Ended March 31, 2021

	Internally restricted - net investment in equipment	Internally restricted - net investment in property held for affordable housing	Internally restricted - capital reserve fund for building maintenance	Unrestricted	Total
Fund balances, March 31, 2019	**$ 7,761**	**$ 84,093,666**	**$ 3,257,235**	**$ 3,449,430**	**$ 90,808,092**
Excess (deficiency) of revenue over expenses	(6,914)	12,972,089	225,484	615,854	13,806,513
Purchased asset additions	9,711	-	-	(9,711)	-
Real property capital maintenance	-	426,001	(426,001)	-	-
Fund transfers	-	297,513	-	(297,513)	-
Fund balances, March 31, 2020	**10,558**	**97,789,269**	**3,056,718**	**3,758,060**	**104,614,605**
Excess (deficiency) of revenue over expenses	(7,134)	2,011,141	(570,173)	1,540,035	2,973,869
Purchased asset additions	8,265	-	-	(8,265)	-
Real property capital maintenance	-	421,116	(421,116)	-	-
Fund transfers	-	3,358,206	-	(3,358,206)	-
Fund balances March 31, 2021, end of year	**$ 11,689**	**$ 103,579,732**	**$ 2,065,429**	**$ 1,931,624**	**$ 107,588,474**

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

HomeSpace Society
Statement of Cash Flows
Year Ended March 31, 2021

	2021	2020
Cash provided by (used in):		
Operating activities		
Excess of revenue over expenses	$ 2,973,869	$ 13,806,513
Add (deduct) items not affecting cash		
Amortization	2,007,617	1,561,839
Forgiveness of loan payable (note 7)	(41,916)	(44,758)
Forgiveness of CEBA loan (note 8)	(20,000)	-
Contributed land	-	(5,760,290)
	4,919,570	9,563,304
Changes in non-cash working capital	(2,123,783)	3,355,565
	2,795,787	12,918,869
Financing activities		
Repayments of mortgages	(172,824)	(168,292)
Proceeds from loans payable	6,142,500	-
Proceeds from mortgages	7,332,888	
Proceeds from CEBA loan	60,000	-
Repayment of line of credit	-	(1,100,000)
	13,362,564	(1,268,292)
Investing activities		
Expenditures on equipment	(8,265)	(9,711)
Expenditures on property held for affordable housing	(22,764,896)	(18,090,847)
Proceeds from sale of short-term investments	-	9,000,000
	(22,773,161)	(9,100,558)
Cash inflow (outflow)	(6,614,810)	2,550,019
Cash, beginning of year	15,540,072	12,990,053
Cash, end of year	$ 8,925,262	$ 15,540,072

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

1. Nature of operations

HomeSpace Society (the "Society") was incorporated under the *Alberta Societies Act* on June 19, 2003. The Society is a not-for-profit organization and a registered charity and is exempt from income taxes under the *Income Tax Act.* The Society's mission is to creatively apply expertise to increase and manage the number of affordable and specialized housing units in Calgary.

The Charitable Fundraising Regulation of Alberta applies to the Society and the Society has considered all required disclosures under Section 7(2) of the Act in preparing these financial statements.

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 Society follows the restricted fund method for accounting for contributions, as this is the preferred method for the users of the Society's financial statements.

The Operating Fund comprises of the amounts internally restricted as an investment in equipment, the capital reserve fund for building maintenance and the unrestricted net assets, is an unrestricted fund that contains the assets, liabilities, revenue and expenses related to the Society's operating activities, the operation of affordable housing and special events.

The Capital Fund comprises of the amounts internally restricted as an investment in property held for affordable housing, is a restricted fund that contains the assets, liabilities, revenue and expenses related to the Society's acquisition and development of real estate property for affordable housing.

(b) Revenue recognition

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

Rental revenue (which includes subsidies) related to the provision of affordable housing is recognized when a tenant commences occupancy of a rental suite and rent is due, or when rent is subsidized by a particular agency as per the agreement terms.

(c) Property held for affordable housing

The Society acquires and constructs real estate properties that are to be used as affordable housing in current and future years. These properties are held as ongoing investments in affordable housing and are stated at cost less accumulated amortization. Cost includes all expenditures incurred in connection with the acquisition of real estate property including all direct costs. Major capital improvements and replacements are capitalized and amortized over the term appropriate to the expenditure.

The purchase price of assets held for affordable housing is allocated to land and building less any forgivable loans granted once all conditions are met. Contributed land is recorded at fair value at the date of contribution.

Buildings included in assets held for affordable housing are amortized over the estimated life of 40 years on a straight-line basis. The assets are amortized once complete and occupied at one-half the normal rate in the first year.

When conditions indicate an asset held for affordable housing is impaired, the carrying value of the asset is written down to the fair value or replacement cost. The write down of the assets is recorded as an expense in the statement of operations a write-down is not reversed.

(d) Amortization

Purchased equipment is recorded at cost and amortized over the estimated useful life on a straight-line basis as follows:

Computer equipment	2 years
Office furnishings	4 years

In the year of acquisition, the assets are amortized at one-half of the normal rate.

When conditions indicate purchased equipment is impaired, the carrying value of the asset is written down to the fair value or replacement cost. The write down of the assets is recorded as an expense in the statement of operations. A write-down is not reversed.

(e) 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.

The valuation of purchased and contributed property held for affordable housing is based on management's best estimates of the future recoverability of these assets and the determination of costs subject to classification as property held for affordable housing. The amounts recorded for amortization of the property held for affordable housing are based on management's best estimates of the remaining useful lives and period of future benefit of the related assets.

Amounts accrued as receivable pursuant to various funding contracts associated with Society’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 impact that the ongoing COVID-19 pandemic may have on the Society’s operations is based on management’s best assessment of existing and potential government interventions both at a federal and provincial level which will determine if there is any impact on contributions received. Due to the ongoing changes and development with COVID-19, it is not possible to reliably estimate the length and severity of these developments and the impact of the financial results and conditions of the Society in future periods.

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.

(f) Financial instruments

The Society 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 Society subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities, tenant deposits, mortgages payable, loans payable and CEBA loan.

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is recognized in excess of revenue over expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in excess of revenue over expenditures.

The Society recognizes its transaction costs in excess of revenue over expenditures in the period incurred for its equity investments and all other financial assets and liabilities subsequently measured at fair value. 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. Long-term debt is also reduced by financing fees and any debt premiums or discounts. The Society uses the effective interest method to amortize these adjustments to long-term debt.

(g) Contributed goods and services

Donations of materials and services are recognized when the fair value can be reasonably estimated and the materials and services are used in the normal course of operations. Donations of legal services related to the acquisition of real estate provided on a pro-bono basis are not recorded as the amounts cannot be reasonably estimated.

3. Affordable housing net assets

On September 30, 2016, the Society received property held for affordable housing and the associated cash, receivables, payables, mortgages, loans, deposits, tenant and grant agreements from the Calgary Homeless Foundation (the “Foundation”) a separately registered charity with its own Board of Directors, management and office. The Society focuses on housing solutions for ending homelessness, while the Foundation continues its leadership role within Calgary’s Plan to End Homelessness, serving as the system planner for Calgary’s homeless-serving system of care. The Foundation remains one of the nine participating agencies in the Calgary Collaborative Capital Campaign for Affordable Housing (the "Campaign") to fundraise capital for affordable housing. On September 30, 2016, the Foundation and the Society entered into agreements assigning the funds raised for the Foundation through the Campaign to the Society (the “benefits”). The agreements specify that the Society is the registered owner and trustee of the properties for which the Campaign is fundraising (the “Campaign assets”). In return for transferring the benefits and the Campaign assets, the Foundation is the beneficial owner of the Campaign assets with a net book value of $94.0 million (2020 - $78.7 million). The beneficial ownership of the Campaign assets will not transfer to the Society until the last pledge is received and the obligations of the Campaign and the associated gift agreements have expired or terminated.

As a result of the Foundation's beneficial ownership of the Campaign assets:

(a) The Foundation guarantees the Society's mortgages on the Campaign assets totaling $3.3 million, with maturity dates ranging from June 1, 2022 to June 1, 2023, a current portion of $176,932, interest rates ranging from 2.54% to 3.15%, secured by assets with a net book value of $14.9 million.

(b) The Foundation guarantees the Society's $5 million evergreen line of credit facility to finance land purchases, bearing interest at 3.48%, of which $NIL has been drawn as of March 31, 2021.

4. Property held for affordable housing

			Net Book Value	
	Cost	Accumulated Amortization	2021	2020
Land	$ 28,993,208	$ -	$ 28,993,208	$ 28,992,208
Buildings under construction	6,590,580	-	6,590,580	13,325,315
Buildings used for affordable housing	94,689,262	12,261,078	82,428,184	54,930,036
	$ 130,273,050	$ 12,261,078	$ 118,011,972	$ 97,247,559

5. Equipment

			Net Book Value	
	Cost	Accumulated Amortization	2021	2020
Computer equipment	$ 29,665	$ 23,234	$ 6,431	$ 3,478
Office furnishings	8,321	3,063	5,258	7,080
	$ 37,986	$ 26,297	$ 11,689	$ 10,558

6. Mortgages payable

		2021		2020
Mortgage payable for the Bowness (Longbow) property bearing interest at a rate of 2.59% per annum, payable in monthly principal and interest instalments totalling $4,218, maturing December 2022, secured by the Bowness property having a carrying value of $2,749,544 and guaranteed by the Foundation (note 3).	$	629,230	$	663,163
Mortgage payable for the Capitol Hill (Francis) property bearing interest at a rate of 3.15% per annum, payable in monthly principal and interest instalments totalling $4,615, maturing in June 2023, secured by the Capitol Hill property having a carrying value of $2,960,026 and guaranteed by the Foundation (note 3).		665,183		699,168
Mortgage payable for the Bankview property bearing interest at a rate of 2.54% per annum, payable in monthly principal and interest instalments totalling $5,120, maturing in June 2022, secured by the Bankview property having a carrying value of $3,589,046 and guaranteed by the Foundation (note 3).		790,807		831,708
Mortgage payable for the Crescent Heights property bearing interest at a rate of 2.54% per annum, payable in monthly principal and interest instalments totalling $2,168, maturing in June 2022, secured by the Crescent Heights property having a carrying value of $1,473,896 and guaranteed by the Foundation (note 3).		331,864		349,253
Mortgage payable for the Lower Mount Royal (Croydon) property bearing interest at a rate of 2.59% per annum, payable in monthly principal and interest instalments totalling $2,518, maturing in December 2022, secured by the Lower Mount Royal property having a carrying value of $1,995,228 and guaranteed by the Foundation (note 3).		394,178		413,961

	2021	2020
Mortgage payable for the Thorncliffe property bearing interest at a rate of 2.54% per annum, payable in monthly principal and interest instalments totalling $3,359, maturing in June 2022, secured by the Thorncliffe property having a carrying value of $2,159,301 and guaranteed by the Foundation (note 3).	518,792	545,625
Repayable loan facility in the amount up to $4,770,000, by way of one or more advances, for the Downtown (Legacy on 5th) property bearing interest at a rate of 0.78% per annum, payable in monthly interest only instalments until the date of stabilization and secured by the Downtown property having a carrying value of $23,955,330.	4,178,969	-
Repayable loan facility in an amount up to $6,797,612, by way of one or more advances, for the Beltline 2 property, bearing interest at a rate of 1.37% per annum, payable in monthly interest only instalments until the date of stabilization and secured by the Beltline 2 property having a carrying value of $7,980,331.	3,153,919	-
	10,662,942	3,502,878
Less: Portion due within one year	176,932	172,266
	$ 10,486,010	$ 3,330,612

The estimated principal payments related to the mortgages payable due are as follows:

2022	$ 176,932
2023	181,726
2024	186,650
2025	191,709
2026	196,906
Subsequent to 2026	2,396,131
	$ 3,330,054

Total interest paid on mortgages payable during the year was $103,539 (2020 - $95,689).

The Downtown and Beltline 2 repayable loan facilities have not been fully advanced and so have not reached the stabilization date as of March 31, 2021. The stabilization date means the time at which the project has achieved twelve consecutive months of annualized residential effective gross income as defined in the agreement. Commencing from the stabilization date, the principal balance outstanding will be amortized according to an amortization schedule to be agreed upon at such time, resulting in monthly blended principal and interest payments until the end of the 10 year term. The loan facilities include forgivable loan facilities (note 7). The loan facilities require a replacement reserve fund to be maintained at 4% of the effective gross income of all income generated by the project. The Replacement Reserve Fund has been properly funded and maintained and all earnings accruing to the Fund has been recorded as part of the capital reserve fund for building maintenance. The Society is in compliance with the requirements of the agreement. The loan facilities are secured by a first priority mortgage equal to 120% of the loans on the land and building noted above as well as a general security agreement, an operating agreement and a first priority general assignment of insurance, contracts, rents and leases.

The Society has available a line of credit in the amount of $5 million with a major Canadian financial institution to finance land purchases for various properties in Calgary. The line of credit bears interest at 3.48% per annum. At March 31, 2021, $NIL (2020 - $NIL) had been drawn on the line of credit.

7. Loans payable

	2021	**2020**
The Sunalta loan (2010) is an unsecured, non-interest bearing loan granted for the purpose of developing affordable housing which was expended on the Sunalta Lodging House. This loan is forgivable over 11 years maturing January 1, 2022.	$ 28,409	$ 59,659
The Kootenay Lodge loan is a non-interest bearing loan granted for the purpose of developing affordable housing. This loan is forgivable over 15 years maturing December 1, 2022.	18,667	29,333
The Sunalta loan (2020) is an unsecured, non-interest bearing loan granted for the purpose of developing affordable housing which was expended on the Sunalta Lodging House. This loan is forgivable over 20 years maturing November 1, 2040.	295,000	-

	2021	2020
The Downtown loan is non-interest bearing loan granted for the purpose of developing affordable housing which was expended on the Downtown property. This loan is forgivable over 20 years. The forgiveness of the loan will commence once the loan is fully advanced. See note 6 for security held.	5,000,000	-
The Beltline 2 loan, is non-interest bearing loan granted for the purpose of affordable housing which was expended on the Beltine 2 property. The loan is forgivable over 20 years. The forgiveness of the loan will commence once the loan is fully advanced. See note 6 for security held.	847,500	-
	$ 6,189,576	$ 88,992

The loans are non-interest bearing and if not forgiven are to be repaid out of the project's capital financing.

8. COVID-19 Relief

The Canada Emergency Business Account (CEBA) is a $60,000 loan available to eligible entities that was created by the Federal government as a response to the COVID-19 pandemic. The Society received the $60,000 interest-free loan where $20,000 of the amount is forgiven if repaid by December 31, 2022. If the amounts are not repaid, the loan becomes a 3-year term loan bearing an interest rate of 5% per annum, due on December 31, 2025. It is the Society's intention is to repay $40,000 of the loan on or before December 31, 2022. As such, the $20,000 forgivable portion of the loan has been recorded in income.

During the year, the Society received $25,000 (2020 - $NIL) as a part of the COVID-19 relief initiatives provided by the Federal government for the 10% Temporary Wage Subsidy ("TWS"). The Society has maintained compliance with all requirements under the TWS program to be eligible to receive payments.

9. Bridgeland-Ophelia Supportive Housing Program

During the year, the Society received $252,160 (2020 - $252,160) of funding from the Calgary Homeless Foundation related to the Bridgeland-Ophelia Supportive Housing Program. The income and expenses incurred related to this program are summarized below. The excess funding is included in deferred contributions.

	Budget *(unaudited)*	Actual	Variance *(unaudited)*
Program revenue			
Grant funding	$ 252,160	$ 252,160	$ -
Program expenses			
Staff costs	71,920	66,798	5,122
Client costs	155,040	139,052	15,988
Administration costs	25,200	25,200	-
	252,160	231,050	21,110
	$ -	$ 21,110	$ (21,110)

10. COVID-19 emergency isolation centre

During the year, the Society entered into a grant funding agreement with Calgary Homeless Foundation to operate a COVID-19 emergency isolation center to serve individuals who have tested positive for COVID-19 or are suspected of having contracted COVID-19. The total project revenue received related to the agreement was $7,458,442 (2020 - $NIL). Included in this amount is $326,957 (2020 - $NIL) for an administration fee, which is based on 10% of the start-up and monthly actual costs, as well as $43,500 (2020 - $NIL) in consulting fees. The total project expenditures related to the agreement were are as follows:

	2021	2020
Start-up costs	$ 308,877	$ -
Retrofit costs	586,926	-
Facility fees	3,861,919	-
Facility management	1,410,418	-
Security	887,546	-
Medical response model	32,299	-
	$ 7,087,985	$ -

11. Financial instruments

The Society 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 Society does not have a concentration of credit exposure with any one party. The Society does not consider itself exposed to undue credit risk.

The Society is exposed to credit risk relating to cash. The risk is mitigated as cash is deposited with major Canadian financial institutions.

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

(b) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society manages its liquidity risk through cash and debt management.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk to the extent of any upward revision in prime lending rates. The Society attempts to mitigate this risk by limiting the debt assumed and entering into medium-term mortgages.

(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 Society is subject to price risk in the value of donated shares on the date of sale compared to the date of donation. The Society mitigates this risk by selling all shares upon release to the Society in an effort to ensure that price on date of sale does not materially differ from the price on transfer.

12. Statutory disclosures

As required under Section 7(2) of the Charitable Fundraising Regulation of Alberta, the Society is required to disclose amounts paid as remuneration to employees whose principal duties involve fundraising and direct costs incurred for the purposes of soliciting contributions. No such fundraising activities took place during the year ended March 31, 2021.

13. Commitments and contingencies

As part of a $4.1 million funding agreement effective November 1, 2011 with Persons with Developmental Disabilities Calgary Region Community Board ("PDD"), the Society is required to maintain ownership and control of each of the housing units referenced in the agreement for a period of 20 to 30 years. If the Society transfers ownership of these properties before this time PDD may require a repayment of a portion of the total proceeds that declines as the length of ownership increases.

The Society entered into a lease of office space on July 12, 2019 for 10 years commencing December 1, 2019. Future minimum annual lease payments are as follows:

2022	$ 33,600
2023	33,600
2024	33,600
2025	37,672
2026	45,818
Subsequent to 2026	167,998
	$ 352,288