

HOMES FOR HEROES FOUNDATION

FINANCIAL STATEMENTS (Audited)

December 31, 2021

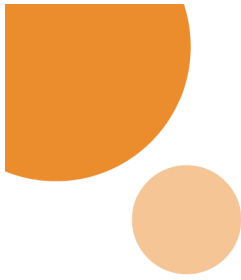


HOMES FOR HEROES FOUNDATION

December 31, 2021

Contents

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 10



Heidi Brauer

Chartered Professional Accountant

(403) 244-4111 ext. 209
heidi.brauer@calgarycommunities.com
110, 720 - 28 Street NE Calgary, AB T2A 6R3

Independent Auditor's Report

To the Board of directors of:
Homes for Heroes Foundation

Report on the Audit of the Financial Statements

Qualified Opinion

I have audited the Statement of Financial Position of the Homes for Heroes Foundation as at December 31, 2021 and the Statements of Operations, Net Assets and Cash Flows and a summary of significant accounting policies and other explanatory notes for the year ended December 31, 2021.

In my opinion, except for the effects of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself of the completeness of fundraising activities, these financial statements present fairly, in all material respects, the financial position of the Homes for Heroes Foundation as at December 31, 2021 and the results of its operations and cash flows for the year ended December 31, 2021 in accordance with Canadian accounting standards for not-for-profit associations.

Basis for Qualified Opinion

In common with many not-for-profit associations, the Homes for Heroes Foundation derives revenue from certain fundraising activities, the completeness of which is not subject to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Homes for Heroes Foundation and I was not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets and net assets. I conducted my audit in accordance with Canadian auditing standards.

I am independent of the Homes for Heroes Foundation in accordance with the ethical requirements that are relevant to my audit and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit associations and for such internal control as management determines 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 Homes for Heroes Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, concluding on the appropriateness of management's use of the going concern basis of accounting as well as evaluating the overall presentation of the financial statements.

I communicate with those charged with governance regarding the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that I identify during my audit.

Calgary, Alberta
May 11, 2022



Heidi Brauer
Chartered Professional Accountant

HOMES FOR HEROES FOUNDATION
STATEMENT OF FINANCIAL POSITION
(Audited)

As at December 31, 2021

ASSETS

	<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>2020</u>
	<u>Operating</u>	<u>Externally restricted</u>	<u>Totals</u>	<u>Totals</u>
CURRENT ASSETS				
Cash and cash equivalents, unrestricted	\$ 387,308	\$ 442,403	\$ 829,711	\$ 2,502,173
Investments	46,941	-	46,941	-
Accounts receivable	26,366	-	26,366	850,713
GST receivable	122,252	-	122,252	9,489
Prepaid expenses (Note 6)	96,697	-	96,697	49,586
	<u>679,564</u>	<u>442,403</u>	<u>1,121,967</u>	<u>3,411,961</u>
PROPERTY AND EQUIPMENT (Note 3)	<u>8,747,689</u>	<u>-</u>	<u>8,747,689</u>	<u>3,845,772</u>
	<u><u>\$ 9,427,253</u></u>	<u><u>\$ 442,403</u></u>	<u><u>\$ 9,869,656</u></u>	<u><u>\$ 7,257,733</u></u>

LIABILITIES AND NET ASSETS


CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 1,056,885	\$ -	\$ 1,056,885	\$ 50,561
Payroll source deductions payable	13,088	-	13,088	9,123
	<u>1,069,973</u>	<u>-</u>	<u>1,069,973</u>	<u>59,684</u>

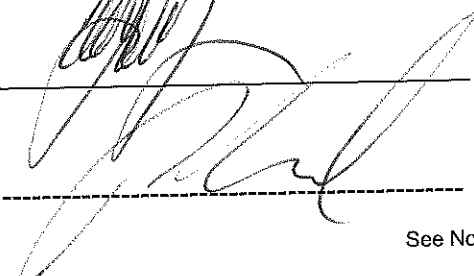
Fund balances	<u>8,357,280</u>	<u>442,403</u>	<u>8,799,683</u>	<u>7,198,049</u>
	<u><u>\$ 9,427,253</u></u>	<u><u>\$ 442,403</u></u>	<u><u>\$ 9,869,656</u></u>	<u><u>\$ 7,257,733</u></u>

Contingency (Note 7)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS



Director



Director

See Notes to the Financial Statements

HOMES FOR HEROES FOUNDATION
STATEMENT OF CHANGES IN NET ASSETS
(Audited)

For the Year Ended December 31, 2021

	<u>Operating</u>	<u>Externally restricted</u>	<u>2021 Totals</u>	<u>2020 Totals</u>
Balances, beginning of the year	\$ 4,830,737	\$ 2,367,312	\$ 7,198,049	\$ 4,316,878
Transfers	2,952,462	(2,952,462)	-	-
Increases	574,081	1,027,553	1,601,634	2,881,171
Balances, end of the year	<u>\$ 8,357,280</u>	<u>\$ 442,403</u>	<u>\$ 8,799,683</u>	<u>\$ 7,198,049</u>

See Notes to Financial Statements

HOMES FOR HEROES FOUNDATION

STATEMENT OF OPERATIONS

(Audited)

For the Year Ended December 31, 2021

	Operating 2021	Externally Restricted 2021	Total 2021	Total 2020
REVENUE				
Donations - cash (Note 9)	\$ 1,529,403	\$ -	\$ 1,529,403	\$ 1,035,669
Donations - non-cash	8,142	827,553	835,695	-
Grants (Note 8)	367,635	200,000	567,635	2,393,443
Rental income	63,345	-	63,345	-
Reimbursed expenses	25,387	-	25,387	75,198
Sponsorships	50,000	-	50,000	100,000
Interest	4,983	-	4,983	4,982
	2,048,895	1,027,553	3,076,448	3,609,292
OVERHEAD EXPENSES				
Salaries and wages	395,108	-	395,108	240,357
Fundraising	203,650	-	203,650	94,762
Advertising and promotion	91,160	-	91,160	10,936
Rent	53,888	-	53,888	33,202
Consultants	26,700	-	26,700	8,900
Parking and travel	24,097	-	24,097	23,216
Bookkeeping fees	22,435	-	22,435	32,741
Audit fees	16,851	-	16,851	15,476
Recruitment	15,573	-	15,573	750
Donation commissions and fees	14,603	-	14,603	9,499
Software	13,717	-	13,717	8,730
Telephone	6,011	-	6,011	3,572
Insurance	5,014	-	5,014	8,029
Office	4,520	-	4,520	7,150
Legal fees	3,610	-	3,610	9,891
Bank charges	3,460	-	3,460	1,759
Administration	4,637	-	4,637	6,112
Courier and postage	2,543	-	2,543	1,050
Website development	2,333	-	2,333	3,625
	909,910	-	909,910	519,757
DIRECT EXPENSES:				
Radisson	54,140	-	54,140	-
CNIB	35,811	-	35,811	15,879
Evansdale	3,586	-	3,586	-
Other	-	-	-	3,250
	93,537	-	93,537	19,129
Excess before amortization and loss on market value of investments	1,045,448	1,027,553	2,073,001	3,070,406
Less: Unrealized loss on market value of investments	3,315	-	3,315	-
Less: Amortization expense	468,052	-	468,052	189,235
INCREASE (DECREASE) IN FUNDS	\$ 574,081	\$ 1,027,553	\$ 1,601,634	\$2,881,171

See Notes to Financial Statements

HOMES FOR HEROES FOUNDATION
STATEMENT OF CASH FLOWS
(Audited)

For the Year Ended December 31, 2021

	2021	2020
FUNDS PROVIDED BY OPERATING ACTIVITIES:		
Excess of revenue over expenses	\$ 1,601,634	\$ 2,881,171
Charges not affecting cash:		
Amortization expense	468,052	189,235
Changes in non-cash operating working capital:		
Account receivable	824,347	(712,172)
GST receivable	(112,763)	29,174
Prepaid expenses	(47,111)	(33,302)
Wages payable	3,965	976
Accounts payable and accrued charges	1,006,324	(401,358)
NET INCREASE IN WORKING CAPITAL	3,744,448	1,953,724
INVESTING ACTIVITIES:		
Building	(5,140,333)	(388,929)
Signage	(29,847)	(1,128)
Landscaping	(1,663)	(7,706)
Fencing and gates	(27,590)	-
Computer equipment	(4,577)	(1,504)
Furniture and equipment	(165,959)	(2,185)
Investments	(46,941)	-
	(5,416,910)	(401,452)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,672,462)	1,552,272
Cash and cash equivalents, beginning of the year	2,502,173	949,901
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 829,711	\$ 2,502,173
Consisting of:		
Unrestricted cash and cash equivalents	\$ 387,308	\$ 959,861
Externally restricted cash and cash equivalents	442,403	1,542,312
	\$ 829,711	\$ 2,502,173

See Notes to Financial Statements

HOMES FOR HEROES FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

December 31, 2021

1. NATURE OF THE ORGANIZATION

The Homes for Heroes Foundation ("H4HF") was incorporated on November 3, 2016 as a Company Limited by Shares with the Province of Alberta. The Company received charity status on January 25, 2017.

The Homes for Heroes Foundation was developed in response to the growing number of military veterans who have returned to civilian life and now face crisis. Homes for Heroes will assist veterans, whose challenges have caused them to be homeless, progress toward a stable and secure life by providing housing and a robust support system, fundamental components of stability and dignity.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

(a) Revenue recognition

H4HF adopted the restricted fund method of accounting. H4HF has an operating fund and an externally restricted fund.

Revenue is recognized according to the accrual method, where revenue is recorded when it is received or reasonable assurance is given that it is receivable. This recognizes the effects of transactions and events in the period in which the transactions and events occur, even if cash is not exchanged until later.

(b) Property and equipment

The purchase of property and equipment is recorded at cost. This will be amortized over the estimated life of the assets on a straight line method at the following rates:

Building	5%
Signage, landscaping, furniture, equipment, fencing and gates	10%
Computer equipment	20%

Full amortization is charged for the first year of the asset completed or purchased.

(c) Contributed Services

A substantial number of volunteers have made significant contributions of their time to develop H4HF's programs and carry out its activities. The value of this contributed time is not reflected in these financial statements.

HOMES FOR HEROES FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

December 31, 2021

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less.

(e) Donated Goods and Services

H4HF receives goods and services donated by individuals and businesses, who assist the Foundation in achieving its mission. H4HF records donated goods and services at cost, if the goods or services would otherwise have been purchased.

(f) Financial Instruments

Measurement of Financial Instruments:

H4HF initially measures its financial assets and financial liabilities at fair value. H4HF subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Changes in fair value of these financial instruments are recognized in net income. Financial instruments measured at amortized cost include cash, accounts receivable and accounts payable.

Financial Risk:

It is management's opinion that H4HF is not exposed to significant interest, currency, price, market or credit risks arising from these financial instruments.

(g) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenses for the periods covered. The main estimates relate to receivables, the useful life of property and equipment and the amounts recorded as accrued liabilities.

HOMES FOR HEROES FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

December 31, 2021

3. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Total 2021	Total 2020
Buildings	\$ 9,196,301	759,286	8,437,015	3,725,729
Furniture	229,344	35,761	193,583	50,766
Landscaping	63,176	17,801	45,375	50,030
Signage	50,143	8,937	41,206	16,373
Fencing and gates	27,590	2,759	24,831	-
Computer Equipment	8,853	3,174	5,679	2,874
	<u>\$ 9,575,407</u>	<u>827,718</u>	<u>8,747,689</u>	<u>3,845,772</u>

4. FUNDRAISING EXPENSES

As required under section 7(2) of the Charitable Fundraising Regulation of Alberta, the following amounts are disclosed:

Direct costs incurred for the purpose of soliciting contributions \$203,650 (2020 - 94,762).

Amounts paid as remuneration to employees whose principal duties involve fundraising \$NIL (2020 - \$Nil).

5. RELATED PARTY TRANSACTIONS

During the fiscal year, \$16,750 plus GST (2020 - \$78,434) were paid to a board member's company. At fiscal year end, there were accounts receivables of \$NIL (2020 - NIL) and payables of \$1,500 plus GST (2020 - \$201) outstanding to these related parties. The measurement basis is regular trade value.

6. PREPAID EXPENSE

Prepaid expense consists of insurance of \$3,789 (2020 - \$3,654), prepaid event expenses of \$78,581 (2020 - \$37,425), damage deposit \$1,440 (2020 - \$4,780) and other prepayments for 2022.

HOMES FOR HEROES FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

December 31, 2021

7. CONTINGENCY

The Foundation filed a law suit for losses incurred due to breach of terms of the lease agreement between the Canadian National Institute for the Blind (CNIB) and Homes for Heroes Foundation for land located at 15 Colonel Baker Place. The outcome cannot be determined at this time.

8. GRANTS

	<u>2021</u>	<u>2020</u>
Veteran & Family Well Being Fund	\$ 285,060	\$ -
CMHC - Innovation Fund	145,345	-
Canada Emergency Wage Subsidy	73,449	58,443
Stollery Charitable Foundation	50,000	-
CMHC Seed Funding	7,040	29,500
Canada Summer Student Grant	4,703	-
Canada Recovery Hiring Program (CRHP)	2,038	-
CMHC Affordable Housing	-	1,000,000
Alberta Social Housing Corporation (ASHC)	-	1,100,000
Ontario Mortgage & Housing Corporation (OMHC)	-	200,000
Temporary Wage Subsidy	-	5,500
	<u>\$ 567,635</u>	<u>\$ 2,305,500</u>

9. DONATIONS

The main donees were: Canadian Pacific Railways \$290,000, three anonymous donors totalling \$324,138, Canadian Legacy Project \$100,000, Peterborough Naval Association \$70,000, The Brick gift in kind \$153,694 and a number of private donees with over \$50,000 in donations.

10. EFFECTS OF THE COVID-19 PANDEMIC

Due to the COVID-19 pandemic, the Foundation was not able to hold fundraising events. They received fewer grants during the fiscal year, however management has done well to solicit donations to achieve their goal.