

HOMES FOR HEROES FOUNDATION

FINANCIAL STATEMENTS (Audited)

December 31, 2022

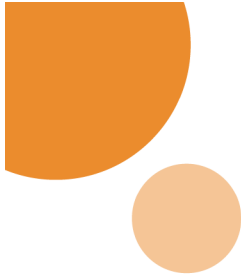


HOMES FOR HEROES FOUNDATION

December 31, 2022

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Heidi Brauer

Chartered Professional Accountant

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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, 2022 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, 2022.

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, 2022 and the results of its operations and cash flows for the year ended December 31, 2022 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
April 4, 2023



Heidi Brauer
Chartered Professional Accountant

HOMES FOR HEROES FOUNDATION
STATEMENT OF FINANCIAL POSITION
(Audited)

As at December 31, 2022

ASSETS

	2022	2022	2022	2021
	<u>Operating</u>	<u>Restricted</u>	<u>Totals</u>	<u>Totals</u>
CURRENT ASSETS				
Cash and cash equivalents, unrestricted	\$ 2,224,102	\$ 1,123,812	\$ 3,347,914	\$ 829,711
Investments	-	-	-	46,941
Accounts receivable	218,600	-	218,600	26,366
GST receivable	79,014	-	79,014	122,252
Prepaid expenses (Note 6)	44,949	-	44,949	96,697
	<u>2,566,665</u>	<u>1,123,812</u>	<u>3,690,477</u>	<u>1,121,967</u>
PROPERTY AND EQUIPMENT (Note 3)	<u>10,598,151</u>	<u>-</u>	<u>10,598,151</u>	<u>8,747,689</u>
	<u>\$13,164,816</u>	<u>\$ 1,123,812</u>	<u>\$14,288,628</u>	<u>\$ 9,869,656</u>

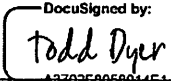
LIABILITIES AND NET ASSETS

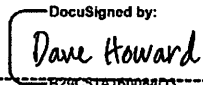
CURRENT LIABILITIES

Accounts payable and accrued liabilities \$	94,126	\$ -	\$ 94,126	\$ 1,056,885
Payroll source deductions payable	23,022	-	23,022	13,088
	<u>117,148</u>	<u>-</u>	<u>117,148</u>	<u>1,069,973</u>

Fund balances	<u>13,047,668</u>	<u>1,123,812</u>	<u>14,171,480</u>	<u>8,799,683</u>
	<u>\$ 13,164,816</u>	<u>\$ 1,123,812</u>	<u>\$14,288,628</u>	<u>\$ 9,869,656</u>

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

DocuSigned by:

 A3762E0658014E1... Director

DocuSigned by:

 B29C31A160064D3... President & CEO

See Notes to the Financial Statements

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

For the Year Ended December 31, 2022

	Operating	Restricted	2022 Totals	2021 Totals
Balances, beginning of the year	\$ 8,357,280	\$ 442,403	\$ 8,799,683	\$ 7,198,049
Increases	4,326,440	1,045,357	5,371,797	1,601,634
Balances, end of the year	\$ 13,047,668	\$ 1,123,812	\$ 14,171,480	\$ 8,799,683

See Notes to Financial Statements

HOMES FOR HEROES FOUNDATION
STATEMENT OF OPERATIONS
(Audited)

For the Year Ended December 31, 2022

	Operating 2022	Restricted 2022	Total 2022	Total 2021
REVENUE				
Donations - cash (Note 9)	\$ 3,675,402	\$ -	\$ 3,675,402	\$ 1,579,403
Donations - non-cash	1,696,436	-	1,696,436	835,695
Grants (Note 7)	502,615	1,045,357	1,547,972	517,635
Rental income	199,424	-	199,424	63,345
Fundraiser event	186,106	-	186,106	-
Miscellaneous contributions	140,000	-	140,000	-
Interest	50,383	-	50,383	4,983
Sponsorships	-	-	-	50,000
Reimbursed expenses	-	-	-	25,387
	6,450,366	1,045,357	7,495,723	3,076,448
OVERHEAD EXPENSES				
Salaries and wages	581,110	-	581,110	395,108
Fundraising	527,903	-	527,903	218,253
Professional fees	172,181	-	172,181	69,595
Rent	57,497	-	57,497	53,888
Advertising and promotion	30,567	-	30,567	93,098
Parking and travel	25,595	-	25,595	24,097
Insurance	8,690	-	8,690	5,014
Administration/Office	9,854	-	9,854	28,796
Software	8,872	-	8,872	13,717
Utilities	7,225	-	7,225	6,011
Internet/website	6,925	-	6,925	2,333
Training and support	4,632	-	4,632	-
	1,441,051	-	1,441,051	909,910
DIRECT EXPENSES:				
Evansdale	123,973	-	123,973	3,586
Radisson	90,639	-	90,639	54,140
CNIB	6,182	-	6,182	35,811
Other	2,788	-	2,788	-
	223,582	-	223,582	93,537
Excess before amortization and gain (loss) on market value of investments	4,785,733	1,045,357	5,831,090	2,073,001
Unrealised gain (loss) on market value of investments	6,791	-	6,791	(3,315)
Less: Amortization expense	466,084	-	466,084	468,052
	4,326,440	\$ 1,045,357	\$ 5,371,797	\$1,601,634
INCREASE IN FUNDS	\$4,326,440	\$ 1,045,357	\$ 5,371,797	\$1,601,634

See Schedule 1

See Notes to Financial Statements

HOMES FOR HEROES FOUNDATION
STATEMENT OF CASH FLOWS
(Audited)

For the Year Ended December 31, 2022

	2022	2021
FUNDS PROVIDED BY OPERATING ACTIVITIES:		
Increase in funds	\$ 5,371,797	\$ 1,601,634
Charges not affecting cash:		
Amortization expense	466,084	468,052
Changes in non-cash operating working capital:		
Account receivable	(192,234)	824,347
GST receivable	43,238	(112,763)
Prepaid expenses	51,748	(47,111)
Wages payable	9,934	3,965
Accounts payable and accrued charges	(962,758)	1,006,324
NET INCREASE IN WORKING CAPITAL	4,787,809	3,744,448
INVESTING ACTIVITIES:		
Land	(1,813,287)	-
Building	(496,535)	(5,140,333)
Signage	(725)	(29,847)
Landscaping	-	(1,663)
Fencing and gates	-	(27,590)
Computer equipment	-	(4,577)
Furniture and equipment	(6,000)	(165,959)
Investments	46,941	(46,941)
	(2,269,606)	(5,416,910)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,518,203	(1,672,462)
Cash and cash equivalents, beginning of the year	829,711	2,502,173
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 3,347,914	\$ 829,711
Consisting of:		
Unrestricted cash and cash equivalents	\$ 2,224,102	\$ 474,258
Externally restricted cash and cash equivalents	1,123,812	355,453
	\$ 3,347,914	\$ 829,711

See Notes to Financial Statements

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

December 31, 2022

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, 2022

(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, 2022

3. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Total 2022	Total 2021
Buildings	\$ 11,506,123	1,201,138	10,304,985	8,437,015
Furniture	235,344	44,060	191,284	193,583
Landscaping	63,176	24,118	39,058	45,375
Signage	50,867	14,024	36,843	41,206
Fencing and gates	27,590	5,518	22,072	24,831
Computer Equipment	8,853	4,944	3,909	5,679
	\$ 11,891,953	1,293,802	10,598,151	8,747,689

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 \$326,088.02 (2021 - 211,927).

Amounts paid as remuneration to employees whose principal duties involve fundraising \$NIL (2021 - \$Nil).

5. RELATED PARTY TRANSACTIONS

During the fiscal year, \$18,000 plus GST (2021 - \$16,750) were paid to a board member's company. At fiscal year end, there were accounts receivables of \$ - NIL (2021 - NIL) and payables of \$NIL (2021 - \$1,500) outstanding to these related parties. The measurement basis is regular trade value.

6. PREPAID EXPENSE

Prepaid expense consists of insurance of \$1,799 (2021 - \$3,789), prepaid event expenses of \$20,000 (2021 - \$78,581), damage deposit \$1,440 (2021 - \$1,440), Winnipeg land deposit \$12,525 (2021 - NIL) and other prepayments for 2023.

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

December 31, 2022

7. GRANTS

	<u>2022</u>	<u>2021</u>
Veteran & Family Well Being Fund	\$ 538,396	\$ 285,060
Ontario Mortgage & Housing Corporation (OMHC)	506,961	-
Restricted grants	<u>1,045,357</u>	<u>285,060</u>
CMHC - Innovation Fund	354,655	145,345
Government of Alberta - Community Initiatives Program (CIP)	75,000	-
CMHC Seed Funding	72,960	7,040
Canada Summer Student Grant	-	4,703
(CRHP)Canada Recovery Hiring Program (CRHP)	-	2,038
Canada Emergency Wage Subsidy	-	73,449
Operating grants	<u>502,615</u>	<u>232,575</u>
Total grants	<u>\$ 1,547,972</u>	<u>\$ 517,635</u>

8. DONATIONS

The main donees were: Kinsmen Club of Winnipeg \$1,000,000, Britton Smith Foundation \$250,000, The Gwyn Morgan and Patricia Trotter Foundation \$250,000, \$100,000 each from Brookland Fine Homes, Beatty Family Charitable Foundation Inc., Paul B. Helliwell Foundation, The Davies Charitable Foundation, William James Henderson Foundation, Canadian Legacy Project and Toronto Dominion Bank; \$62,239 from Edmonton Oilers Community Foundation; and a large number of corporate, foundations, anonymous and private donations \$50,000 and under.

2021: Canadian Pacific Railways \$290,000, three anonymous donors totaling \$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.

HOMES FOR HEROES FOUNDATION
SCHEDULE 1 - OPERATIONS ALLOCATED
For the Period of January 1, 2022 to December 31, 2022

REVENUE

	Calgary Veterans Village	Edmonton Veterans Village		Homes for Heroes Foundation General Operation
Donations & Grants				
Donations - cash	\$ -	\$ -	Donations - cash	\$ 3,642,072
Donations - securities	-	-	Donations, securities	33,331
Government grants	90,000	-	Government grants	1,457,972
	<u>90,000</u>	<u>-</u>		<u>5,133,375</u>
Veteran Village Revenue				
Rental income	104,430	82,514		-
	6,978	5,502		-
	<u>111,408</u>	<u>88,016</u>		<u>-</u>
Other Revenue				
Miscellaneous contributions	-	-	Miscellaneous contributions	140,000
Event revenue	-	-	Event revenue	186,106
Investment market gain (loss)	-	-	Market gain (loss)	6,791
Interest	-	-	Interest	49,817
Dividends	-	-	Dividends	566
	<u>-</u>	<u>-</u>		<u>383,280</u>
Donations in kind				
Donations in kind	9,446	22,687	Donations in kind	1,663,952
Total Revenue	<u>210,854</u>	<u>110,703</u>		<u>7,180,607</u>

Please see expenses on next page

	<u>Calgary Veterans Village</u>	<u>Edmonton Veterans Village</u>	<u>Homes for Heroes Foundation General Operations</u>
Total revenues from page 11	\$ 210,854	\$ 110,703	\$ 7,180,607
EXPENSES			
Salaries & wages	101,145	93,924	Salaries & wages 515,336
Utilities	45,709	81,562	Professional fees 42,849
Building maintenance & repair	22,868	17,723	Advertising and promotion 30,566
Ground maintenance	8,660	5,414	Fundraising 527,903
Insurance	6,765	9,104	Software 8,872
Office/administration	4,176	9,355	Website & IT support 6,925
Uncollectible rent	2,430	-	Office/administration 9,927
Development & training	-	463	Development & training 4,632
	-	-	Rent 57,497
	-	-	Travel & parking 25,594
	-	-	Insurance 8,689
	-	-	Utilities 7,225
	-	-	Amortization expense 466,084
	-	-	Canadian Nation Institute for the Blind 6,182
	-	-	Other 2,788
Total operating expenses	<u>191,753</u>	<u>217,545</u>	<u>1,721,069</u>
INCREASE (DECREASE) IN FUNDS	<u>\$ 19,101</u>	<u>\$ (106,842)</u>	<u>\$ 5,459,538</u>