

HOMES FOR HEROES FOUNDATION

FINANCIAL STATEMENTS (Audited)

December 31, 2023

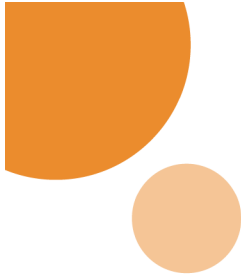


HOMES FOR HEROES FOUNDATION

December 31, 2023

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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, 2023 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, 2023.

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, 2023 and the results of its operations and cash flows for the year ended December 31, 2023 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.

Please note, that the bottom line includes an unrealised gain of \$1,129 (2022 - \$6,791).

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 17, 2024



Heidi Brauer
Chartered Professional Accountant

HOMES FOR HEROES FOUNDATION
STATEMENT OF FINANCIAL POSITION
(Audited)

As at December 31, 2023

ASSETS

	<u>2023</u>	<u>2023</u>	<u>2023</u>	<u>2022</u>
	<u>Operating</u>	<u>Restricted</u>	<u>Totals</u>	<u>Totals</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ 683,014	\$ 746,812	\$ 1,429,826	\$ 3,347,915
Accounts receivable	378,222	-	378,222	218,600
GST/HST receivable	460,995	-	460,995	79,014
Construction and village utility security deposits	144,916	-	144,916	-
Prepaid expenses (Note 6)	19,644	-	19,644	44,949
	<u>1,686,791</u>	<u>746,812</u>	<u>2,433,603</u>	<u>3,690,478</u>
PROPERTY AND EQUIPMENT (Note 3)	<u>17,720,402</u>	<u>-</u>	<u>17,720,402</u>	<u>10,598,152</u>
	<u><u>\$19,407,193</u></u>	<u><u>\$ 746,812</u></u>	<u><u>\$20,154,005</u></u>	<u><u>\$14,288,630</u></u>

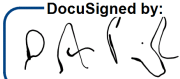
LIABILITIES AND NET ASSETS

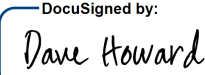
CURRENT LIABILITIES

Accounts payable and accrued liabilities \$	1,103,905	\$ -	\$ 1,103,905	\$ 94,127
Holdback payable	704,231	-	704,231	-
Payroll source deductions payable	18,447	-	18,447	23,022
	<u>1,826,583</u>	<u>-</u>	<u>1,826,583</u>	<u>117,149</u>

Fund balances	<u>17,580,610</u>	<u>746,812</u>	<u>18,327,422</u>	<u>14,171,481</u>
	<u><u>\$ 19,407,193</u></u>	<u><u>\$ 746,812</u></u>	<u><u>\$ 20,154,005</u></u>	<u><u>\$14,288,630</u></u>

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

DocuSigned by:

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See Notes to the Financial Statements

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

For the Year Ended December 31, 2023

	Operating	Restricted	2023 Totals	2022 Totals
Balances, beginning of the year	\$ 13,047,669	\$ 1,123,812	\$ 14,171,481	\$ 8,799,684
Increases	4,532,941	(377,000)	4,155,941	5,371,797
Balances, end of the year	\$ 17,580,610	\$ 746,812	\$ 18,327,422	\$ 14,171,481

See Notes to Financial Statements

HOMES FOR HEROES FOUNDATION
STATEMENT OF OPERATIONS
(Audited)

For the Year Ended December 31, 2023

	<u>Operating 2023</u>	<u>Restricted 2023</u>	<u>Total 2023</u>	<u>Total 2022</u>
REVENUE				
Donations - cash (Note 8)	\$2,688,046	\$ -	\$ 2,688,046	\$ 3,675,402
Donations - non-cash	1,078,389	-	1,078,389	1,696,436
Rental income	194,882	-	194,882	199,424
Fundraiser event	172,400	-	172,400	186,106
Interest	147,765	-	147,765	50,383
Grants (Note 7)	90,396	2,402,530	2,492,926	1,547,972
Miscellaneous contributions (Note 9)	-	-	-	140,000
	<u>4,371,878</u>	<u>2,402,530</u>	<u>6,774,408</u>	<u>7,495,723</u>
OVERHEAD EXPENSES				
Salaries and wages	761,420	-	761,420	581,110
Fundraising	535,557	-	535,557	527,903
Professional fees	214,173	-	214,173	172,181
Veteran support	142,777	-	142,777	-
Rent	56,066	-	56,066	57,497
Parking and travel	54,049	-	54,049	25,595
Administration/Office	22,974	-	22,974	9,854
Advertising and promotion	17,347	-	17,347	30,567
Software	12,273	-	12,273	8,872
Utilities	9,522	-	9,522	7,225
Insurance	5,679	-	5,679	8,690
Internet/website	5,538	-	5,538	6,925
Training and support	2,559	-	2,559	4,632
	<u>1,839,934</u>	<u>-</u>	<u>1,839,934</u>	<u>1,441,051</u>
DIRECT EXPENSES:				
Evansdale	159,068	-	159,068	123,973
Radisson	141,584	-	141,584	90,639
Kingston	153	-	153	-
CNIB	-	-	-	6,182
Other	-	-	-	2,788
	<u>300,805</u>	<u>-</u>	<u>300,805</u>	<u>223,582</u>
Excess before amortization and gain (loss) on market value of investments	2,231,139	2,402,530	4,633,669	5,831,090
Unrealised gain on market value of investments	1,129	-	1,129	6,791
Less: Amortization expense	<u>478,857</u>	<u>-</u>	<u>478,857</u>	<u>466,084</u>
INCREASE IN FUNDS	<u>\$1,753,411</u>	<u>\$ 2,402,530</u>	<u>\$ 4,155,941</u>	<u>\$5,371,797</u>

See Schedule 1

See Notes to Financial Statements

HOMES FOR HEROES FOUNDATION
STATEMENT OF CASH FLOWS
(Audited)

For the Year Ended December 31, 2023

	2023	2022
FUNDS PROVIDED BY OPERATING ACTIVITIES:		
Increase in funds	\$ 4,155,941	\$ 5,371,797
Charges not affecting cash:		
Amortization expense	478,857	466,084
Changes in non-cash operating working capital:		
Account receivable	(159,621)	(192,234)
GST receivable	(381,982)	43,238
Prepaid expenses	25,305	51,748
Construction and security deposits	(144,916)	-
Wages payable	(4,574)	9,934
Holdback payable	704,231	-
Accounts payable and accrued charges	1,009,778	(962,758)
NET INCREASE IN WORKING CAPITAL	5,683,019	4,787,809
INVESTING ACTIVITIES:		
Land	(269,200)	(1,813,287)
Building	(7,147,668)	(496,535)
Signage	(12,280)	(725)
Landscaping	(168,807)	-
Computer equipment	(3,152)	-
Furniture and equipment	-	(6,000)
Investments	-	46,941
	(7,601,107)	(2,269,606)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,918,088)	2,518,203
Cash and cash equivalents, beginning of the year	3,347,914	829,711
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 1,429,826	\$ 3,347,914
Consisting of:		
Unrestricted cash and cash equivalents	\$ 683,014	\$ 2,224,102
Externally restricted cash and cash equivalents	746,812	1,123,812
	\$ 1,429,826	\$ 3,347,914

See Notes to Financial Statements

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

December 31, 2023

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, 2023

(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, 2023

3. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Total 2023	Total 2022
Land and Buildings	\$ 18,922,992	1,637,469	17,285,523	10,304,985
Furniture	235,344	68,747	166,597	191,284
Landscaping	231,983	31,274	200,709	39,058
Signage	63,148	19,547	43,601	36,844
Fencing and gates	27,590	8,277	19,313	22,072
Computer Equipment	12,005	7,346	4,659	3,909
	\$ 19,493,062	1,772,660	17,720,402	10,598,152

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 \$362,389 (2022 - \$326,088).

Amounts paid as remuneration to employees whose principal duties involve fundraising \$NIL (2022 - \$NIL).

5. RELATED PARTY TRANSACTIONS

During the fiscal year, \$13,500 plus GST (2022 - \$18,000 plus GST) were paid to a board member's company. At fiscal year end, there were accounts receivables of \$NIL (2022 - \$NIL) and payables of \$NIL (2022 - \$NIL) outstanding to these related parties. The measurement basis is regular trade value.

6. PREPAID EXPENSE

Prepaid expense consists of insurance of \$3,032 (2022 - \$1,799), program management expenses \$5,250 (2022 - \$NIL) prepaid event expenses of \$NIL (2022 - \$20,000), damage deposit \$1,440 (2022 - \$1,440), Winnipeg land deposit \$NIL (2022 - \$12,525) and other prepayments for 2024.

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

December 31, 2023

7. GRANTS

	<u>2023</u>	<u>2022</u>
Veteran & Family Well Being Fund	\$ 402,530	\$ 538,396
Canada Mortgage & Housing Corporation - Kingston	2,000,000	-
Ontario Mortgage & Housing Corporation (OMHC)	-	506,961
Restricted grants	<u>2,402,530</u>	<u>1,045,357</u>
CMHC - Innovation Fund	-	354,655
Government of Alberta - Community Initiatives Program (CIP)	-	75,000
CMHC Seed Funding	90,396	72,960
Operating grants	<u>90,396</u>	<u>502,615</u>
Total grants	<u>\$ 2,492,926</u>	<u>\$ 1,547,972</u>

8. DONATIONS

The main donees \$100,000 and over were:

\$300,000 from Canadian Pacific Kansas City Limited, \$250,000 each from Britton Smith Foundation and the Smith-Homestead Foundation, \$182,000 Allied Projects.

\$150,000 each from the Bank of Montreal and an anonymous donor.

\$100,000 each from The Canadian Legacy project, the John M & Bernice Parrott Foundation, The Royal Canadian Regiment Trust Fund, and the Royal Canadian Naval Benevolent Fund; as well as a large number of corporate, foundations, anonymous donations under \$100,000.

The main donees in 2022 were: the Kinsmen Club of Winnipeg \$1,000,000, the Britton Smith Foundation \$250,000, The Gwyn Morgan and Patricia Trotter Foundation \$250,000, \$100,000 each from Brookland Fine Homes/Llynlea Fine Homes, the Beatty Family Charitable Foundation Inc., the Paul B. Helliwell Foundation, The Davies Charitable Foundation, the William James Henderson Foundation, The Canadian Legacy Project and the 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.

9. MISCELLANEOUS CONTRIBUTIONS

In 2022, the Foundation had received a legal settlement from CNIB.

HOMES FOR HEROES FOUNDATION
SCHEDULE 1 - OPERATIONS ALLOCATED
For the Period of January 1, 2023 to December 31, 2023

REVENUE

	Calgary Veterans Village	Edmonton Veterans Village	Kingston Veterans Village	Homes for Heroes Foundation General Operation	Total Homes for Heroes Foundation Operation
Government grants	\$ 80,000	\$ -	\$ -	\$ 2,492,926	\$ 2,492,926
Donations - in kind	32,704	23,988	-	1,021,697	1,078,389
Donations - cash	6,536	\$ 1,469	-	\$ 2,627,774	\$ 2,635,779
Donations - securities	-	-	-	52,267	52,267
	<u>119,240</u>	<u>25,457</u>	<u>-</u>	<u>6,194,664</u>	<u>6,259,361</u>
Veteran Village Revenue					
Rental income	97,738	83,052	-	-	180,790
Utility recovery	6,513	5,472	-	-	11,985
	<u>104,251</u>	<u>88,524</u>	<u>-</u>	<u>-</u>	<u>192,775</u>
Other Revenue					
Miscellaneous contributions	-	-	-	2,106	2,106
Event revenue	-	-	-	172,400	172,400
Investment market gain (loss)	-	-	-	1,129	1,129
Interest	636	637	-	146,485	147,758
Dividends	-	-	-	7	7
	<u>636</u>	<u>637</u>	<u>-</u>	<u>322,127</u>	<u>323,400</u>
Total Revenue	<u>224,127</u>	<u>114,618</u>	<u>-</u>	<u>6,516,791</u>	<u>6,775,536</u>

Please see expenses on next page

	<u>Calgary Veterans Village</u>	<u>Edmonton Veterans Village</u>	<u>Kingston Veterans Village</u>	<u>Homes for Heroes Foundation General Operation</u>	<u>Total Homes for Heroes Foundation Operation</u>
Total revenues from page 11	<u>\$ 224,127</u>	<u>\$ 114,618</u>	<u>\$ -</u>	<u>\$ 6,516,791</u>	<u>\$ 6,775,536</u>
EXPENSES					
Salaries & wages	116,542	91,775	-	553,103	761,420
Utilities	47,536	61,174	153	-	108,863
Telephone & internet	33,369	22,540	-	9,522	65,431
Building maintenance & repairs	25,341	25,637	-	-	50,978
Ground maintenance	13,786	13,540	-	-	27,326
Uncollectible rent	7,430	15,716	-	-	23,146
Insurance	7,275	9,537	-	5,679	22,491
Office/administration	6,844	10,924	-	22,973	40,742
Development, training & support	-	-	-	2,559	2,559
Advertising and promotion	-	-	-	17,347	17,347
Fundraising	-	-	-	535,557	535,557
Veteran support	-	-	-	142,777	142,777
Amortization expense	-	-	-	478,859	478,859
Professional fees	-	-	-	214,173	214,173
Rent	-	-	-	56,066	56,066
Travel & parking	-	-	-	54,049	54,049
Software	-	-	-	12,273	12,273
Website development & maintenance	-	-	-	5,538	5,538
Total operating expenses	<u>258,123</u>	<u>250,843</u>	<u>153</u>	<u>2,110,475</u>	<u>2,619,595</u>
INCREASE (DECREASE) IN FUNDS	<u>\$ (33,996)</u>	<u>\$ (136,225)</u>	<u>\$ (153)</u>	<u>\$ 4,406,316</u>	<u>\$ 4,155,941</u>