

Recovery Acres (Calgary) Society

Financial Statements

March 31, 2021 and 2020

Recovery Acres (Calgary) Society**Financial Statements**

March 31, 2021 and 2020

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Independent Auditors' Report

To the Members of Recovery Acres (Calgary) Society

Opinion

We have audited the financial statements of Recovery Acres (Calgary) Society, which comprise the statements of financial position as at March 31, 2021 and 2020, and the statements of operations, changes in net assets and cash flows for the years 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 2020, and its results of operations and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audits 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 audits 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.

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 judgment and maintain professional skepticism throughout the audit. We also:

Independent Auditors' Report (continued)

- 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.

Crowe Mackay LLP

**Calgary, Canada
June 16, 2021**

Chartered Professional Accountants

Recovery Acres (Calgary) Society

Statements of Operations

For the years ended March 31,	2021	2020
Revenues		
CARE Program for Women	\$ 98,925	\$ 100,014
Other contributions	365,421	-
Fundraising - operating	2,600	78,698
1835 House - Men's program	1,122,938	1,258,359
Amortization of unamortized capital contributions	48,736	49,150
	1,638,620	1,486,221
Inter-program subsidies		
1835 House - Men's program	(12,500)	(52,590)
CARE Program for Women	12,500	52,590
	-	-
	1,638,620	1,486,221
Expenditures		
1835 House - Men's program	881,343	936,300
Administration expenditures	415,927	305,071
CARE Program for Women	232,007	200,364
Amortization	71,765	70,096
Fundraising - operating	40	33,805
	1,601,082	1,545,636
Excess (deficiency) of revenues over expenditures before other items	37,538	(59,415)
Other income (expense)		
Investment income (loss) (note 4)	254,683	(62,210)
Grants from endowment (note 7)	1,035	954
	255,718	(61,256)
Excess (deficiency) of revenues over expenditures	\$ 293,256	\$ (120,671)

Recovery Acres (Calgary) Society**Statements of Changes in Net Assets**

For the years ended March 31, 2021

	2021			
	Total	Unrestricted	Endowment	Property and equipment
Balance, beginning of year	\$ 1,894,000	\$ 1,015,202	\$ 24,046	\$ 854,752
Excess of revenues over expenditures	293,256	293,256	-	-
Amortization of capital contributions	-	(48,736)	-	48,736
Amortization of property and equipment	-	71,765	-	(71,765)
Fair value adjustment on funds invested	4,089	-	4,089	-
Grants issued	(1,035)	-	(1,035)	-
Appropriations from unrestricted net assets	-	(13,988)	-	13,988
Balance, end of year	\$ 2,190,310	\$ 1,317,499	\$ 27,100	\$ 845,711

	2020			
	Total	Unrestricted	Endowment	Property and equipment
Balance, beginning of year	\$ 2,015,325	\$ 1,186,456	\$ 24,700	\$ 804,169
Deficiency of revenues over expenditures	(120,671)	(120,671)	-	-
Amortization of capital contributions	-	(49,150)	-	49,150
Amortization of property and equipment	-	70,096	-	(70,096)
Fair value adjustment on funds invested	300	-	300	-
Grants issued	(954)	-	(954)	-
Appropriations from unrestricted net assets	-	(71,529)	-	71,529
Balance, end of year	\$ 1,894,000	\$ 1,015,202	\$ 24,046	\$ 854,752

Recovery Acres (Calgary) Society

Statements of Financial Position

March 31, 2021 2020

Assets

Current

Cash	\$ 309,299	\$ 144,133
Marketable securities (note 4)	1,173,074	923,099
Accounts receivable (note 5)	60,766	42,986
Inventory	2,500	2,500
Prepaid expenses (note 6)	11,751	5,666

1,557,390

1,118,384

Investments (note 7)

27,100

24,046

Property and equipment (note 8)

1,312,880

1,370,656

\$ 2,897,370 **\$ 2,513,086**

Liabilities

Current

Accounts payable and accrued liabilities	\$ 136,049	\$ 90,944
Deferred revenue (note 10)	13,825	12,240

149,874

103,184

Long-term debt (note 11)

30,000

-

Unamortized capital contributions (note 12)

467,166

515,902

Deferred contributions (note 13)

60,020

-

707,060

619,086

Net Assets

Unrestricted	1,317,499	1,015,202
Restricted for endowment purposes	27,100	24,046
Invested in property and equipment	845,711	854,752

2,190,310

1,894,000

\$ 2,897,370 **\$ 2,513,086**

Approved on behalf of the Board:

_____ Member

_____ Member

Recovery Acres (Calgary) Society

Statements of Cash Flows

For the years ended March 31,	2021	2020
Cash provided by (used for)		
Operating activities		
Excess (deficiency) of revenues over expenditures	\$ 293,256	\$ (120,671)
Items not affecting cash		
Amortization	71,765	70,096
Amortization of unamortized capital contributions	(48,736)	(49,150)
Amortization of deferred contributions	(116,882)	(26,562)
Investment income	(10,783)	(15,128)
Fair value adjustment on marketable securities	(243,841)	76,384
Amortization of deferred revenue	(9,460)	(7,545)
Forgivable portion of CEBA loan (note 11)	(10,000)	-
	(74,681)	(72,576)
Change in non-cash working capital items (note 14)	32,284	20,462
	(42,397)	(52,114)
Financing activities		
Proceeds of long-term debt	40,000	-
Grants and contributions received	176,902	74,478
	216,902	74,478
Investing activities		
Purchase of marketable securities	-	(259,577)
Proceeds on sale of and distributions from marketable securities	4,649	37,900
Purchase of property and equipment	(13,988)	(112,428)
	(9,339)	(334,105)
Increase (decrease) in cash	165,166	(311,741)
Cash, beginning of years	144,133	455,874
Cash, end of years	\$ 309,299	\$ 144,133
Supplemental cash flow information		
The Society had the following non-cash transactions:		
In-kind contributions of property and equipment	\$ -	\$ 1,460
Transferred from deferred contributions to unamortized capital contributions	-	42,356
Transferred from deferred contributions to deferred revenue	-	7,020

Recovery Acres (Calgary) Society

Notes to the Financial Statements

March 31, 2021 and 2020

1. Nature of operations

Recovery Acres (Calgary) Society (the "Society") is an organization whose main purpose is to provide effective addiction and mental health treatment programs to adults with alcohol and/or drug dependencies in an environment that is empathetic, humane, and tolerant. The Society provides treatment and practical tools that can save lives through 1835 House for Men and Co-occurring Addiction Recovery Essentials (CARE) for Women. The Society is a not-for-profit organization under the Societies Act of Alberta and is a registered charity under the Income Tax Act.

2. Recent developments and measurement uncertainty

During the year, there was a global outbreak of a novel corona virus identified as "COVID-19". On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Society and its operations in future periods.

3. Significant accounting policies

The Society applies the Canadian accounting standards for not-for-profit organizations.

(a) Cash equivalents

The Society considers all investments with maturities of three months or less, or that are cashable at anytime without penalty to be cash equivalents.

(b) Marketable securities

Marketable securities are recorded at fair value. Unrealized gains and losses as a result of fair value adjustments at year end are included in investment income for the year.

(c) Net assets restricted for endowment purposes

The Society established the 1835 Endowment as part of its long-term strategy to create an independent source of funds for future operations. This irrevocable fund is retained and managed by the Calgary Foundation. See note 7.

(d) Contributed materials and services

Donated goods, materials and services are recognized in these financial statements at their estimated fair value, if determinable.

Recovery Acres (Calgary) Society

Notes to the Financial Statements

March 31, 2021 and 2020

3. Significant accounting policies (continued)

(e) Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted donations and contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted donations and contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Investment income includes dividends and interest income recorded on the accrual basis, as well as realized investment gains and losses and unrealized gains and losses on financial instruments subsequently measured at fair value. Investment income is included in the statement of operations, deferred or reported directly in net assets depending on the nature of any external restrictions imposed on the investment income.

Revenue from the sale of services is recognized upon provision of the services to the purchaser and recognized as either 1835 House (treatment for men) or CARE Program (treatment for Women) revenue.

(f) Property and equipment

Property and equipment are recorded at cost. The Society provides for amortization using the straight-line method at rates designed to amortize the cost of the assets over their estimated useful lives, as set out below.

When property and equipment are sold or retired, the related cost and accumulated amortization are removed from the accounts and any gain or loss is charged against earnings in the period.

Property and equipment acquired or constructed during the year are not amortized until they are put into use.

One half of the year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal.

Vehicles	20% Straight-line
Furniture and fixtures	10% Straight-line
Computer equipment	20% Straight-line
1839 House and renovations	5% Straight-line
1835 House and renovations	2.5 - 5% Straight-line
1822 House and renovations	5% Straight-line

Recovery Acres (Calgary) Society

Notes to the Financial Statements

March 31, 2021 and 2020

3. Significant accounting policies (continued)

(g) Impairment of long-lived assets

The Society tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

(h) Financial instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

The Society subsequently measures the following financial assets and financial liabilities at amortized cost:

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

Financial assets measured at fair value include marketable securities and long-term investments that are managed by the Calgary Foundation for Endowment purposes.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

(i) Inventory

Inventory of food and supplies is valued by management at the lower of cost and net realizable value.

Recovery Acres (Calgary) Society

Notes to the Financial Statements

March 31, 2021 and 2020

3. Significant accounting policies (continued)

(j) Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known. Significant areas requiring the use of management estimates relate to the determination of useful lives of property and equipment for amortization, the amortization of deferred capital contributions and management estimates of residual value for property and equipment no longer in use.

(k) Government assistance

The Society periodically applies for financial assistance under available government incentive programs. Government assistance relating to capital expenditures is reflected as a reduction of the cost of the related assets. Government assistance relating to period expenses is recognized separately in net income in the period that the related expenditures were incurred. The Society records the estimated amount of government assistance to be received provided there is reasonable assurance that the Society has complied and will continue to comply with all the conditions.

4. Marketable securities

	2021	2020
Fixed income	\$ 490,675	\$ 378,066
Equities	682,399	545,033
	\$ 1,173,074	\$ 923,099

Investment income is outlined below:

	2021	2020
Interest and dividend income	\$ 10,842	\$ 14,174
Fair value adjustments	243,841	(76,384)
	\$ 254,683	\$ (62,210)

Recovery Acres (Calgary) Society

Notes to the Financial Statements

March 31, 2021 and 2020

5. Accounts receivable

	2021	2020
Rent and treatment receivable	\$ 2,306	\$ 13,093
Alberta government	35,160	27,024
Canada emergency wage subsidy	19,819	-
GST receivable	3,481	2,869
	<u>\$ 60,766</u>	<u>\$ 42,986</u>

6. Prepaid expenses

	2021	2020
Prepaid costs for golf tournament	\$ 2,500	\$ 2,500
Administrative prepaids	9,251	3,166
	<u>\$ 11,751</u>	<u>\$ 5,666</u>

7. Investments

Investments are administered by the Calgary Foundation and represent the assets of the Society's Endowment Fund (the Blair Moody Memorial Endowment Fund).

	2021	2020
Investment balance, beginning of years	\$ 24,046	\$ 24,700
Interest, dividends, realized and unrealized gains	4,089	300
Grants issued	(1,035)	(954)
Balance, end of year	<u>\$ 27,100</u>	<u>\$ 24,046</u>

Recovery Acres (Calgary) Society

Notes to the Financial Statements

March 31, 2021 and 2020

8. Property and equipment

	2021		
	Cost	Accumulated amortization	Net book value
Land	\$ 625,000	\$ -	\$ 625,000
Vehicles	7,225	1,952	5,273
Furniture and fixtures	353,190	296,368	56,822
Computer equipment	146,306	123,928	22,378
1839 House and renovations	418,029	152,919	265,110
1835 House and renovations	732,074	520,884	211,190
1822 House and renovations	373,708	246,601	127,107
	\$ 2,655,532	\$ 1,342,652	\$ 1,312,880

	2020		
	Cost	Accumulated amortization	Net book value
Land	\$ 625,000	\$ -	\$ 625,000
Vehicles	7,225	651	6,574
Furniture and fixtures	347,995	287,886	60,109
Computer equipment	137,513	120,232	17,281
1839 House and renovations	418,029	134,103	283,926
1835 House and renovations	732,074	498,232	233,842
1822 House and renovations	373,708	229,784	143,924
	\$ 2,641,544	\$ 1,270,888	\$ 1,370,656

9. Bank credit facilities

A demand operating loan has been authorized by the Society's bank to a maximum of \$150,000 (2020 - \$150,000) and bears interest at the bank's prime lending rate plus 1.5% with interest only minimum payments due monthly.

A general security agreement covering all present and after acquired personal property of the Society has been pledged as security.

The Society also maintains a MasterCard credit facility to a maximum of \$18,700 and bears interest at the bank's prime lending rate plus 6% per annum with minimum monthly payments of 3% of the balance outstanding at each billing date.

Recovery Acres (Calgary) Society

Notes to the Financial Statements

March 31, 2021 and 2020

10. Deferred revenue

	2021	2020
Fees collected for Golf Tournament to be held after year-end	\$ 1,351	\$ -
Transferred from deferred contributions - for the CARE program for women	2,780	7,020
CARE courses prepayments	5,320	-
Long-term residence prepayments	4,374	5,220
	\$ 13,825	\$ 12,240

11. Long-term debt

The Society received the Canada Emergency Business Amount ("CEBA") loan from the Government of Canada in the amount of \$40,000, which bears interest at 0% per annum until December 31, 2022. Interest will accrue at 5% per annum commencing on January 1, 2023. The loan matures on December 31, 2025. If the loan is repaid at or before the December 31, 2022 then \$10,000 of the balance will be forgiven. The portion of the loan that is expected to be forgiven is taken into profit and loss in the year is received and is included in revenue (schedule 2).

12. Unamortized capital contributions

Unamortized capital contributions represent the unamortized portion of contributions from third parties for purchases of property and equipment. Unamortized capital contributions will be amortized to operating revenue proportionate to the amortization of the cost of the related property and equipment to expenditures.

Capital contributions received for the purchase of property and equipment that are not amortized (e.g. land) are recorded as direct additions to net assets invested in property and equipment.

Changes in unamortized capital contributions during the year were as follows:

	2021	2020
Balance, beginning of year	\$ 515,902	\$ 522,696
Transferred from deferred contributions (note 13)	-	42,356
Amortization to revenues	(48,736)	(49,150)
	\$ 467,166	\$ 515,902

Recovery Acres (Calgary) Society

Notes to the Financial Statements

March 31, 2021 and 2020

13. Deferred contributions

	2021	2020
Grants and contributions received	\$ 176,902	\$ 74,478
In-kind contributions received	-	1,460
Amortization to revenue	(114,882)	(5,482)
Amortization to revenue - CARE program donations	(2,000)	(21,080)
Transfer to unamortized capital contributions (note 12)	-	(42,356)
Transfer to deferred revenue	-	(7,020)
	\$ 60,020	\$ -

In fiscal 2021, the Society received grants as described below:

- \$57,267 received from the Government of Alberta for Mental Health and Addiction COVID-19 Community Funding program. \$55,247 of these funds were used in fiscal 2021 for coordinator salaries, materials and supplies, administration, marketing and communications and other expenses throughout the year. The remaining \$2,020 will be used in the next fiscal year.

- \$25,000 received from the United Way for the Community Food Grant was fully utilized during the year.

- \$60,000 received from the Government of Alberta for the Community Initiatives Program ("CIP") operating grant for various operating matters. \$20,000 of these funds were used in fiscal 2021 for program manager salaries. The remaining amount will be used in the next fiscal year.

- \$10,000 received from Healthcare Excellence Canada to assist with training, education and supplied costs. No funds were used in fiscal 2021.

- \$10,000 received from Hunter Family Foundation to help subsidize the CARE program in order to reduce financial burden for certain women registered in the program. \$2,000 of these funds were used in fiscal 2021, with the remaining funds to be used in the next fiscal year.

- \$10,000 received from the Tamaratt Term Fund, via the Calgary Foundation, to assist with the Society's charitable activities. The grant was fully utilized during the year.

- \$4,635 received from the Emergency Community Support Fund for the Recovery Acres Alumni Handbook and outreach project. All the funds were used in current year.

In fiscal 2020, the Society received grants as described below:

- The Society received a \$46,378 grant from the Government of Alberta (Community Facilities Enhancement Program - "CFEP"). \$5,482 of these funds were used for repairs and maintenance and the remaining \$40,896 was used for capital improvements and was transferred to unamortized capital contributions during fiscal 2020.

- The Society received donations in amount of \$28,100 for the CARE program for women. \$21,080 of these funds were amortized to CARE Program - Donations revenue in fiscal 2020 while the remaining \$7,020 was transferred to deferred revenue at March 31, 2020.

- The Society received in-kind donations of artwork in the amount of \$1,460 which was transferred to unamortized capital contributions during fiscal 2020.

Recovery Acres (Calgary) Society

Notes to the Financial Statements

March 31, 2021 and 2020

14. Change in non-cash working capital items

	2021	2020
Accounts receivable	\$ (17,780)	\$ 5,137
Prepaid expenses	(6,085)	872
Accounts payable and accrued liabilities	45,104	9,233
Deferred revenue	11,045	5,220
	\$ 32,284	\$ 20,462

15. Economic dependence

The Society derives approximately 46% (2020 - 38%) of its revenues from Alberta Health Services and is specifically purposed for men's treatment. If this source of revenue was reduced or eliminated, the Society's operations would be significantly restricted.

16. Contingent funding agreements

Operating

The Society receives core operating funding from Alberta Health Services ("AHS"). The funding is based on an approved annual grant which is received in monthly installments. Paragraph 2.6 of the Grant Agreement between AHS and Recovery Acres (Calgary) Society made annually since April 1, 1999 refers to a potential refund of surplus funds used for programs. In the event the Society has a surplus of funds, AHS may permit the Society to carry forward the surplus to be used for operating or other purposes agreed to by AHS or may require the Society to refund a portion of the grant based on the percentage relationship the grant bears to the total revenues of the Society from all sources. For the year ended March 31, 2021, the Society had an excess of operating revenue over expenditures of \$293,256 (2020 - deficiency of operating revenue over expenditures of \$120,671).

17. Financial instruments

The Society is exposed to various financial risks through transactions in financial instruments. The following provides helpful information in assessing the extent of the Society's exposure to these risks:

(a) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. At March 31, 2021, the Society held marketable securities listed in public markets. These instruments are subject to equity market price fluctuations. The Society mitigates this risk through continuous monitoring of the investments.

Recovery Acres (Calgary) Society

Notes to the Financial Statements

March 31, 2021 and 2020

17. Financial instruments (continued)

(b) 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's main credit risk relates to its accounts receivable from patients and third parties paying on behalf of the patients. The Society reduces this risk by closely monitoring amounts owing by its customers and third parties and has determined no provision for bad debts is necessary at March 31, 2021 and 2020.

(c) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

(d) 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 on its fixed and floating interest rate financial instruments. Fixed-rate financial instruments, including long term debt and credit card debt, subject the Society to fair value risk, while the floating-rate financial instruments subject the Society to a cash flow risk (none held at March 31, 2021 or 2020).

18. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

Recovery Acres (Calgary) Society**Schedules to the Financial Statements**

For the years ended March 31,

Schedules of CARE program for women **Schedule 1**

	2021	2020
Revenue		
Outpatient fees	\$ 92,134	\$ 72,875
Donations and contributions	6,791	27,139
	98,925	100,014
Inter-program subsidy		
Subsidy from Men's program	12,500	52,590
Net revenue	111,425	152,604
Expenditures		
Salaries and benefits	160,291	116,713
Psychological and medical	35,283	27,005
Utilities	11,713	10,333
Training costs	5,733	4,507
Food costs	5,608	8,250
insurance	5,421	911
Repairs and maintenance	3,477	6,189
Program costs	2,975	2,642
Day care expense	1,350	465
Advertising	156	23,349
	232,007	200,364
Deficiency of revenues over expenditures	\$ (120,582)	\$ (47,760)

Schedules of other contributions **Schedule 2**

	2021	2020
Revenue		
CEWS - Wage subsidy	\$ 334,268	\$ -
TWS - Wage subsidy	21,153	-
CEBA Income (note 11)	10,000	-
	\$ 365,421	\$ -

During fiscal 2021, the Society became entitled to government assistance in the form of the Canada Emergency Wage Subsidy ("CEWS"), the Temporary Wage Subsidy for Employers ("TWS") and the Canada Emergency Business Account ("CEBA") programs. Grant income by program is detailed in the above table.

Recovery Acres (Calgary) Society**Schedules to the Financial Statements**

For the years ended March 31,

Schedules of fundraising - operating**Schedule 3**

	2021	2020
Revenue		
Golf	\$ 2,600	\$ 78,698
Expenditures		
Golf	40	33,805
Excess of revenues over expenditures	\$ 2,560	\$ 44,893

Schedules of 1835 house - men's program**Schedule 4**

	2021	2020
Revenue		
Alberta Health Services contributions	\$ 559,215	\$ 559,215
Treatment fees	295,168	413,729
Donations and contributions	213,003	210,016
Transitional housing revenue	55,552	75,399
	1,122,938	1,258,359
Inter-program subsidy		
Subsidy to CARE program for women	(12,500)	(52,590)
Net revenue	1,110,438	1,205,769
Expenditures		
Salaries and benefits	548,827	519,864
Food costs	143,416	217,727
Utilities	55,300	59,510
Psychological and medical	51,388	37,740
Training costs	29,177	19,572
Repairs and maintenance	13,781	20,702
Insurance	12,766	16,080
Equipment costs	10,377	6,466
Cleaning supplies	10,010	14,791
Program materials	5,883	11,417
Client expenses	418	812
Marketing	-	11,619
	881,343	936,300
Excess of revenues over expenditures	\$ 229,095	\$ 269,469

Recovery Acres (Calgary) Society**Schedules to the Financial Statements**

For the years ended March 31,

Schedules of administration expenditures**Schedule 5**

	2021	2020
Marketing and advertising	\$ 6,234	\$ 7,758
Office supplies	6,168	9,458
Freight and postage	346	696
Telephone, fax and internet	3,361	8,528
Professional fees	58,504	47,270
Interest and bank charges	8,215	11,689
Non-refundable portion of GST	7,923	8,735
Dues and subscriptions	4,190	2,787
Salaries and benefits	301,520	167,762
Office equipment costs	10,908	18,830
Employee development and travel	1,236	7,103
Board expenses	66	145
Bad debt expense	7,256	14,310
	\$ 415,927	\$ 305,071
