

Recovery Acres (Calgary) Society

Financial Statements

March 31, 2022 and 2021

Recovery Acres (Calgary) Society

Financial Statements

March 31, 2022 and 2021

	Page
Independent Auditors' Report	3 - 4
Statements of Operations	5
Statements of Changes in Net Assets	6
Statements of Financial Position	7
Statements of Cash Flows	8
Notes to the Financial Statements	9 - 18
Schedules of 1835 House - Men's Program	19
Schedules of Other Contributions	20
Schedules of Care Program For Women	20
Schedules of Fundraising - Operating	21
Schedules of Administration Expenditures	21

Independent Auditors' Report

To the Members of Recovery Acres (Calgary) Society

Opinion

We have audited the financial statements of Recovery Acres (Calgary) Society (the "Society"), which comprise the statements of financial position as at March 31, 2022 and 2021, 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, 2022 and 2021, and the results of its 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.

Calgary, Canada
June 23, 2022



Chartered Professional Accountants

Recovery Acres (Calgary) Society

Statements of Operations

For the years ended March 31,	2022	2021
Revenues		
1835 House - Men's program (schedule 1)	\$ 1,558,888	\$ 1,122,938
Other contributions (schedule 2)	108,643	365,421
CARE Program for Women (schedule 3)	54,005	98,925
Amortization of unamortized capital contributions (note 13)	47,988	48,736
Fundraising - operating (schedule 4)	37,884	2,600
	1,807,408	1,638,620
1835 House - Men's program (schedule 1)	-	12,500
CARE Program for Women (schedule 3)	-	(12,500)
	-	-
	1,807,408	1,638,620
Expenditures		
1835 House - Men's program (schedule 1)	1,054,231	881,343
Administration expenditures (schedule 5)	289,384	415,927
CARE Program for Women (schedule 3)	282,761	232,007
Amortization	69,063	71,765
Fundraising - operating (schedule 4)	18,596	40
	1,714,035	1,601,082
Excess of revenues over expenditures before other items	93,373	37,538
Other income		
Investment income (note 4)	39,669	254,683
Grants from endowment (note 7)	1,061	1,035
	40,730	255,718
Excess of revenues over expenditures	\$ 134,103	\$ 293,256

Recovery Acres (Calgary) Society

Statements of Changes in Net Assets

For the years ended March 31, 2022

	2022			
	Total	Unrestricted	Endowment	Property and equipment
Balance, beginning of year	\$ 2,190,310	\$ 1,317,499	\$ 27,100	\$ 845,711
Excess of revenues over expenditures	134,103	134,103	-	-
Amortization of capital contributions	-	(47,988)	-	47,988
Amortization of property and equipment	-	69,063	-	(69,063)
Fair value adjustment on funds invested	1,943	-	1,943	-
Grants issued	(1,061)	-	(1,061)	-
Appropriations from unrestricted net assets	-	(507,155)	-	507,155
Balance, end of year	\$ 2,325,294	\$ 965,521	\$ 27,982	\$ 1,331,791

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

Recovery Acres (Calgary) Society

Statements of Financial Position

March 31, 2022 2021

Assets

Current

Cash and cash equivalents (note 9)	\$ 81,907	\$ 309,299
Marketable securities (note 4)	1,014,992	1,173,074
Accounts receivable (note 5)	2,920	60,766
Inventory	2,500	2,500
Prepaid expenses (note 6)	19,671	11,751

1,121,990 1,557,390

Investments (note 7) 27,982 27,100

Property and equipment (note 8) 1,778,273 1,312,880

\$ 2,928,245 \$ 2,897,370

Liabilities

Current

Accounts payable and accrued liabilities	\$ 110,769	\$ 136,049
Deferred revenue (note 10)	5,700	13,825

116,469 149,874

Long-term debt (note 11) 40,000 30,000

Deferred contributions (note 12) - 60,020

Unamortized capital contributions (note 13) 446,482 467,166

602,951 707,060

Net Assets

Unrestricted 965,521 1,317,499

Restricted for endowment purposes 27,982 27,100

Invested in property and equipment 1,331,791 845,711

2,325,294 2,190,310

\$ 2,928,245 \$ 2,897,370

Approved on behalf of the Board:

_____ Member

_____ Member

Recovery Acres (Calgary) Society

Statements of Cash Flows

For the years ended March 31,	2022	2021
Cash provided by (used for)		
Operating activities		
Excess of revenues over expenditures	\$ 134,103	\$ 293,256
Items not affecting cash		
Amortization	69,063	71,765
Amortization of unamortized capital contributions	(47,988)	(48,736)
Amortization of deferred contributions	(122,492)	(116,882)
Investment income	(55,027)	(10,783)
Fair value adjustment on marketable securities	13,109	(243,841)
Amortization of deferred revenue	(13,825)	(9,460)
Forgivable portion of CEBA loan (note 11)	(10,000)	(10,000)
	(33,057)	(74,681)
Change in non-cash working capital items (note 14)	30,345	32,284
	(2,712)	(42,397)
Financing activities		
Proceeds of long-term debt	20,000	40,000
Grants and contributions received	89,776	176,902
	109,776	216,902
Investing activities		
Proceeds on sale of and distributions from marketable securities	200,000	4,649
Purchase of property and equipment	(534,456)	(13,988)
	(334,456)	(9,339)
Increase (decrease) in cash	(227,392)	165,166
Cash, beginning of years	309,299	144,133
Cash, end of years	\$ 81,907	\$ 309,299
Supplemental cash flow information		
The Society had the following non-cash transactions:		
Transferred from deferred contributions to unamortized capital contributions	\$ 27,304	\$ -

Recovery Acres (Calgary) Society

Notes to the Financial Statements

March 31, 2022 and 2021

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 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 ended March 31, 2020, 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 and cash equivalents

The Society considers all investments with maturities of three months or less and bank loans with no fixed terms of repayment 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, 2022 and 2021

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 revenue.

(f) Property and equipment

Property and equipment are recorded at cost. The Society provides for amortization using the declining balance and straight-line methods 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, 2022 and 2021

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

Initial measurement

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.

Financial assets or liabilities originated or exchanged in related party transactions except for those that involve retractable or redeemable preferred shares or those that involve parties whose sole relationship with the Society is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If the instrument does, the cost is determined using the instruments undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise cost is determined using the considered transferred or received by the Society in the transaction.

Transactions, with parties whose sole relationship with the Society is in the capacity of management, are accounted for as arm's length transactions.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in debt instruments, equity instruments and forward exchange contracts that are quoted in an active market, which are measured at fair value without any adjustment for transaction costs. Changes in fair value are recognized in net income in the period in which they occur.

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.

Recovery Acres (Calgary) Society

Notes to the Financial Statements

March 31, 2022 and 2021

3. Significant accounting policies (continued)

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction cost for financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at amortized cost are recognized in the original cost of the instrument and recognized in income over the life of the instrument using the straight-line method.

Impairment

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.

(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 as other contributions in the statement of operations 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.

Recovery Acres (Calgary) Society

Notes to the Financial Statements

March 31, 2022 and 2021

4. Marketable securities

	2022	2021
Fixed income	\$ 410,528	\$ 490,675
Equities	604,464	682,399
	\$ 1,014,992	\$ 1,173,074

The original cost of investments is \$888,972 (2021 - \$1008,626).

Investment income is outlined below:

	2022	2021
Interest and dividend income	\$ 9,879	\$ 10,842
Realized gains	42,900	-
Fair value adjustments	(13,110)	243,841
	\$ 39,669	\$ 254,683

5. Accounts receivable

	2022	2021
Rent and treatment receivable	\$ 320	\$ 2,306
Alberta government	-	35,160
Canada emergency wage subsidy	-	19,819
GST receivable	2,600	3,481
	\$ 2,920	\$ 60,766

6. Prepaid expenses

	2022	2021
Prepaid costs for golf tournament	\$ 2,768	\$ 2,500
Administrative prepaids	16,903	9,251
	\$ 19,671	\$ 11,751

Recovery Acres (Calgary) Society

Notes to the Financial Statements

March 31, 2022 and 2021

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).

	2022	2021
Investment balance, beginning of years	\$ 27,100	\$ 24,046
Interest, dividends, realized and unrealized gains	1,943	4,089
Grants issued	(1,061)	(1,035)
Balance, end of year	\$ 27,982	\$ 27,100

8. Property and equipment

	2022		
	Cost	Accumulated amortization	Net book value
Land	\$ 1,121,025	\$ -	\$ 1,121,025
Vehicles	7,225	3,253	3,972
Furniture and fixtures	355,611	301,621	53,990
Computer equipment	155,012	127,724	27,288
1839 House and renovations	427,625	171,946	255,679
1835 House and renovations	732,074	543,355	188,719
1822 House and renovations	391,416	263,816	127,600
	\$ 3,189,988	\$ 1,411,715	\$ 1,778,273

	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

Recovery Acres (Calgary) Society

Notes to the Financial Statements

March 31, 2022 and 2021

9. Bank credit facilities

	2022	2021
Cash and bank	\$ 180,938	\$ 309,299
Demand operating loan	(99,031)	-
	\$ 81,907	\$ 309,299

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. As at March 31, 2022, the Society had borrowed \$99,031 (2021 - \$nil) on the loan, which has been included in cash and cash equivalents at March 31, 2022 (2021 - \$nil). The loan was repaid in full subsequent to year-end.

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.

10. Deferred revenue

	2022	2021
Fees collected for Golf Tournament to be held after year-end	\$ 5,700	\$ 1,351
Transferred from deferred contributions - for the CARE program for Women	-	2,780
CARE courses prepayments	-	5,320
Long-term residence prepayments	-	4,374
	\$ 5,700	\$ 13,825

11. Long-term debt

The Society received the Canada Emergency Business Amount ("CEBA") loan from the Government of Canada in the amount of \$60,000 (2021 - \$40,000), which bears interest at 0% per annum until December 31, 2023. Interest will accrue at 5% per annum commencing on January 1, 2024. The loan matures on December 31, 2025. If the loan is repaid at or before December 31, 2023, then \$20,000 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 it is received and is included in revenue (schedule 2).

Recovery Acres (Calgary) Society

Notes to the Financial Statements

March 31, 2022 and 2021

12. Deferred contributions

	2022	2021
Balance, beginning of year	\$ 60,020	\$ -
Grants and contributions received	89,776	176,902
Amortization to revenue	(114,492)	(114,882)
Amortization to revenue - CARE program donations	(8,000)	(2,000)
Transfer to unamortized capital contributions (note 12)	(27,304)	-
	\$ -	\$ 60,020

In fiscal 2022, the Society received grants as described below:

- \$64,273 received from the Government of Alberta for the Community Facility Enhancement Program was fully utilized during fiscal 2022 to purchase property and equipment (\$27,304) and repairs and maintenance expense (\$36,969).

- \$15,503 received from the Government of Alberta for the Critical Worker Benefit (\$1,200 per eligible employee) was fully utilized and amortized to revenue during the year.

- \$10,000 received from Healthcare Excellence Canada to assist with training, education and supplies. These funds, plus an additional \$10,000 received in fiscal 2021, were fully utilized and amortized to revenue during fiscal 2022 for a total of \$20,000.

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. The remaining \$2,020 was fully utilized and amortized to revenue during fiscal 2022.

- \$25,000 received from the United Way for the Community Food Grant was fully utilized and amortized to revenue during fiscal 2021.

- \$60,000 received from the Government of Alberta's Community Initiatives Program operating grant for various operating matters. \$20,000 was used in fiscal 2021 for program manager salaries. The remaining \$40,000 was utilized and amortized to revenue during fiscal 2022.

- \$10,000 received from Healthcare Excellence Canada to assist with training, education and supplied costs. All funds were fully utilized and amortized to revenue in fiscal 2022.

- \$10,000 received from Hunter Family Foundation to help subsidize certain women registered in the CARE program for women. \$2,000 of these funds were used in fiscal 2021, with the remaining \$8,000 being fully utilized and amortized to revenue in fiscal 2022.

- \$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 and amortized to revenue during fiscal 2021.

- \$4,635 received from the Emergency Community Support Fund for the Recovery Acres Alumni Handbook and outreach project. All funds were used and amortized to revenue in fiscal 2021.

Recovery Acres (Calgary) Society

Notes to the Financial Statements

March 31, 2022 and 2021

13. 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:

	2022	2021
Balance, beginning of year	\$ 467,166	\$ 515,902
Transferred from deferred contributions (note 13)	27,304	-
Amortization to revenues	(47,988)	(48,736)
	\$ 446,482	\$ 467,166

14. Change in non-cash working capital items

	2022	2021
Accounts receivable	\$ 57,846	\$ (17,780)
Prepaid expenses	(7,920)	(6,085)
Accounts payable and accrued liabilities	(25,281)	45,104
Deferred revenue	5,700	11,045
	\$ 30,345	\$ 32,284

15. 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, 2022, the Society had an excess of operating revenue over expenditures of \$134,103 (2021 - \$293,256).

Recovery Acres (Calgary) Society

Notes to the Financial Statements

March 31, 2022 and 2021

16. Economic dependence

The Society derives approximately 71% (2021 - 46%) of its revenues from Alberta Health Services and is specifically purposed for men's and women's treatment. If this source of revenue was reduced or eliminated, the Society's operations would be significantly restricted.

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) 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 and long-term debt.

(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 accounts receivable from patients and third parties paying on behalf of the patients. This risk is reduced by closely monitoring amounts owing by its patients and third parties and has determined no provision for bad debts is necessary at March 31, 2022 and 2021.

(c) 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, 2022, 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.

(d) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Society is exposed to currency risk on investments denominated in foreign currencies. The Society held securities denominated in US currency of \$315,763 (CAD (\$394,634) as of March 31, 2022 (2021 - \$359,513 (CAD \$452,075)). The risk is managed through the portfolio managers by using risk management policies and practices as per the approved investment policy.

(e) 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, 2022 or 2021).

Recovery Acres (Calgary) Society

Schedules to the Financial Statements

For the years ended March 31,

Schedules of 1835 house - men's program

Schedule 1

	2022	2021
Revenue		
Alberta Health Services contributions	\$ 1,078,615	\$ 559,215
Treatment fees	212,075	295,168
Donations and contributions	228,473	213,003
Transitional housing revenue	39,725	55,552
	1,558,888	1,122,938
Inter-program subsidy		
Subsidy to CARE program for women	-	12,500
Net revenue	1,558,888	1,110,438
Expenditures		
Salaries and benefits	589,200	548,827
Food costs	211,649	143,416
Utilities	65,730	55,300
Psychological and medical	51,738	51,388
Training costs	20,605	29,177
Repairs and maintenance	50,523	13,781
Insurance	20,136	12,766
Equipment costs	14,211	10,377
Cleaning supplies	18,014	10,010
Program materials	11,416	5,883
Client expenses	1,009	418
	1,054,231	881,343
Excess of revenues over expenditures	\$ 504,657	\$ 229,095

Recovery Acres (Calgary) Society

Schedules to the Financial Statements

For the years ended March 31,

Schedules of other contributions

Schedule 2

	2022	2021
Revenue		
CEWS - Wage subsidy	\$ 98,643	\$ 334,268
TWS - Wage subsidy	-	21,153
CEBA Income (note 11)	10,000	10,000
	\$ 108,643	\$ 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.

Schedules of care program for women

Schedule 3

	2022	2021
Revenue		
Outpatient fees	\$ 52,025	\$ 92,134
Donations and contributions	1,980	6,791
	54,005	98,925
Inter-program subsidy		
Subsidy from Men's program	-	(12,500)
Net revenue	54,005	111,425
Expenditures		
Salaries and benefits	219,467	160,291
Psychological and medical	17,485	35,283
Utilities	9,487	11,713
Training costs	4,903	5,733
Food costs	29	5,608
insurance	1,097	5,421
Repairs and maintenance	27,748	3,477
Program costs	2,489	2,975
Day care expense	-	1,350
Advertising	56	156
	282,761	232,007
Deficiency of revenues over expenditures	\$ (228,756)	\$ (120,582)

Recovery Acres (Calgary) Society

Schedules to the Financial Statements

For the years ended March 31,

Schedules of fundraising - operating

Schedule 4

	2022	2021
Revenue		
Golf	\$ 37,884	\$ 2,600
Expenditures		
Golf	18,596	40
Excess of revenues over expenditures	\$ 19,288	\$ 2,560

Schedules of administration expenditures

Schedule 5

	2022	2021
Marketing and advertising	\$ 4,636	\$ 6,234
Office supplies	14,640	6,168
Freight and postage	1,166	346
Telephone, fax and internet	3,314	3,361
Professional fees	56,158	58,504
Interest and bank charges	6,956	8,215
Non-refundable portion of GST	10,973	7,923
Dues and subscriptions	4,935	4,190
Salaries and benefits	160,794	301,520
Office equipment costs	20,830	10,908
Employee development and travel	3,901	1,236
Board expenses	-	66
Bad debt expense	1,081	7,256
	\$ 289,384	\$ 415,927
