Financial Statements of

# TRELLIS SOCIETY FOR COMMUNITY IMPACT

And Independent Auditor's Report thereon

Year ended March 31, 2023

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# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Trellis Society for Community Impact

## *Opinion*

We have audited the financial statements of Trellis Society for Community Impact (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2023;
- the statement of revenues and expenses for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended;
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit 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 these 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, due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### *Auditor's 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 auditor's 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 the 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:

- 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Entity's 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.

- 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.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

June 29, 2023

# TRELLIS SOCIETY FOR COMMUNITY IMPACT

Statement of Financial Position

March 31, 2023, with comparative information for 2022

| | | 2023 | | 2022 |
|---|---|---|---|---|
| **Assets** | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | $ | 1,589,986 | $ | 3,789,842 |
| Restricted cash (note 2) | | 140,415 | | 283,254 |
| Investments (note 3) | | 3,759,553 | | 3,163,045 |
| Accounts receivable (note 18) | | 410,955 | | 122,459 |
| Government remittances recoverable | | 86,580 | | 76,545 |
| Inventory | | 22,735 | | 22,460 |
| Prepaid expenses and deposits | | 583,589 | | 294,613 |
| Current portion of lease receivable (note 5) | | 67,390 | | 66,625 |
| Loan receivable from the Foundation (note 18) | | 20,000 | | – |
| | | 6,681,203 | | 7,818,843 |
| Tangible capital assets (note 4) | | 2,197,126 | | 2,558,382 |
| Lease receivable (note 5) | | 639,335 | | 704,229 |
| Loan receivable from the Foundation (note 18) | | 2,980,000 | | – |
| | $ | 12,497,664 | $ | 11,081,454 |
| **Liabilities and Net Assets** | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities (note 6) | $ | 2,745,330 | $ | 1,784,059 |
| Deferred contributions – program advances (note 7) | | 3,508,767 | | 2,818,792 |
| Current portion of capital lease obligation (note 10) | | 55,525 | | 81,755 |
| Current portion of loans (note 9) | | 23,881 | | 23,009 |
| | | 6,333,503 | | 4,707,615 |
| Capital lease obligations (note 10) | | – | | 55,525 |
| Loans (note 9) | | 632,726 | | 656,472 |
| Long term accrued liabilities | | 54,096 | | 92,277 |
| Deferred donations related to tangible capital assets (note 8) | | 2,049,050 | | 2,144,150 |
| | | 2,735,872 | | 7,656,039 |
| Net assets: | | | | |
| Unrestricted | | 2,868,289 | | 2,865,415 |
| Internally restricted | | 560,000 | | 560,000 |
| | | 3,428,289 | | 3,425,415 |
| Guarantee (note 9) | | | | |
| Commitments (note 19) | | | | |
| | $ | 12,497,664 | $ | 11,081,454 |

See accompanying notes to the financial statements.

On behalf of the Board:

______________________________ Director

______________________________ Director

# TRELLIS SOCIETY FOR COMMUNITY IMPACT

Statement of Revenues and Expenses

Year ended March 31, 2023, with comparative information for 2022

| | 2023 | 2022 |
|---|---|---|
| Revenues: | | |
| Core Funding: | | |
| Federal government | $ 863,496 | $ 412,700 |
| Provincial government | 13,596,050 | 12,573,457 |
| Municipal government | 2,894,198 | 2,527,876 |
| United Way | 3,207,890 | 2,797,628 |
| Calgary Homeless Foundation | 5,750,492 | 5,091,312 |
| Self-Generated Funding | | |
| Donations (notes 11, 16) | 5,937,193 | 4,301,459 |
| Program | 1,490,575 | 915,209 |
| Administrative (note 12) | 856,758 | 2,803,789 |
| Pandemic relief Funding | 50,000 | 73,000 |
| Trellis Foundation support (note 16) | 507,000 | 739,329 |
| | 35,153,652 | 32,235,759 |
| Expenses: | | |
| Clubs | 3,138,491 | 2,527,706 |
| Community based care | 13,823,352 | 13,117,592 |
| Education and employment | 3,345,591 | 2,973,171 |
| Housing | 10,467,340 | 9,678,630 |
| Administrative support | 4,376,004 | 3,378,506 |
| | 35,150,778 | 31,675,605 |
| Excess of revenues over expenses | $ 2,874 | $ 560,154 |

See accompanying notes to financial statements.

# TRELLIS SOCIETY FOR COMMUNITY IMPACT

Statement of Changes in Net Assets

Year ended March 31, 2023, with comparative information for 2022

| | Internally restricted | Unrestricted | 2023 | 2022 |
|---|---|---|---|---|
| Net assets, beginning of year | $ 560,000 | $ 2,865,415 | $ 3,425,415 | $ 2,865,261 |
| Excess of revenues over expenses | – | 2,874 | 2,874 | 560,154 |
| Net assets, end of year | $ 560,000 | $ 2,868,289 | $ 3,428,289 | $ 3,425,415 |

See accompanying notes to financial statements.

# TRELLIS SOCIETY FOR COMMUNITY IMPACT

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

| | 2023 | 2022 |
|---|---|---|
| Cash and cash equivalents provided by (used in) the following activities: | | |
| **Operating:** | | |
| Excess of revenues over expenses | $ 2,874 | $ 560,154 |
| Items not affecting cash: | | |
| Amortization of deferred donations related to tangible capital assets (note 8) | (198,046) | (164,954) |
| Write-down of deferred donations related to tangible capital assets | – | (50,000) |
| Change in unrealized loss (gain) on investments | | – |
| Amortization of tangible capital assets (note 4) | 385,107 | 404,634 |
| Gain on investment | (451) | (36,203) |
| Loss on asset disposal | 12,403 | – |
| Impairment loss | – | 39,047 |
| Straight line adjustment on operating lease | (38,181) | (60,458) |
| | 163,706 | 692,220 |
| Changes in non-cash working capital: | | |
| Accounts receivable | (288,496) | 905,334 |
| Government remittances recoverable | (10,035) | (22,560) |
| Inventory | (275) | 8,015 |
| Prepaid expenses and deposits | (288,976) | (92,528) |
| Accounts payable and accrued liabilities | 961,271 | (1,114,108) |
| Deferred contributions – program advances | 689,975 | 1,286,170 |
| | 1,227,170 | 1,662,543 |
| **Financing:** | | |
| Repayment of loans | (22,874) | (24,753) |
| Repayment of capital lease obligations | (81,755) | (81,755) |
| Donations received related to tangible capital assets | 102,946 | 429,364 |
| | (1,683) | 322,856 |
| **Investing:** | | |
| Proceeds from sale of investments | 9,579,046 | 66,598 |
| Purchases of investments | (10,175,103) | – |
| Purchase of tangible capital assets | (36,254) | (297,056) |
| Proceeds from lease receivable | 64,129 | 190,099 |
| Advance to Foundation | (3,000,000) | – |
| | (3,568,182) | (40,359) |
| (Decrease) increase in cash and cash equivalents | (2,342,695) | 1,945,040 |
| Cash and cash equivalents, beginning of year | 4,073,096 | 2,128,056 |
| Cash and cash equivalents, end of year | $ 1,730,401 | $ 4,073,096 |
| Cash and cash equivalents is comprised of: | | |
| Cash and cash equivalents | $ 1,589,986 | $ 3,789,842 |
| Restricted cash | 140,415 | 283,254 |
| | $ 1,730,401 | $ 4,073,096 |

See accompanying notes to financial statements.

Trellis Society for Community Impact (the “Entity”) is a not-for-profit organization registered under the Societies Act of Alberta. The Entity works with children, youth and families to unearth their potential and support their growth. The Entity achieves its mission through programs that focus on improving access to resources, developing family and community supports and building people’s capacity to deal with life’s challenges. The vision of the Entity is a world where everyone reached their full potential; unlocking growth across generations.

The Entity is registered under the Income Tax Act as a registered charity and therefore is exempt from income taxes.

**1. Significant accounting policies:**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

(a) Cash and cash equivalents, and restricted cash:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months. Cash subject to restrictions is included in restricted cash.

(b) Investments:

Investments are composed of Guaranteed Investment Certificates ("GICs"), common stocks in publicly traded companies, government and corporate bonds and mutual funds with maturities greater than three months at the time of purchase and are recorded at fair value.

(c) Inventory:

Inventory includes gift certificates and communications and promotional items and is measured at the lower of cost and replacement cost. Cost is determined on a first-in, first-out basis, and net realizable value is determined using the current estimated selling price less the selling cost. The estimated selling price takes into account management's best estimate of the most probable set of economic conditions.

**1. Significant accounting policies (continued):**

(d) Tangible capital assets:

Tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution.

The Entity provides for amortization on a straight-line basis at the following rates, based on the estimated useful lives and residual values of the assets:

| | |
|---|---|
| Buildings and related improvements | 10–30 years |
| Vehicles | 5–10 years |
| Office equipment and furniture | 4–10 years |
| Assets under capital lease | 4 years |
| Computer and software | 3–4 years |
| Clubs equipment | 10 years |
| Appliances | 10 years |

Leasehold building improvements are amortized using the straight-line method over the terms of the leases, which vary from five to ten years and are representative of the estimated useful lives of the assets.

Tangible capital assets are tested for impairment whenever events or changes in circumstances indicate that an asset can no longer be used as originally expected and its carrying amount may not be fully recoverable. An impairment loss is recognized when and to the extent that management assesses the future useful life of an asset to be less than originally estimated.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently recorded at fair value. All other financial instruments are recorded at cost or amortized cost, unless management has elected to record at fair value.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. For all other financial instruments, the transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of revenues over expenses.

**1. Significant accounting policies (continued):**

(e) Financial instruments (continued):

With respect to financial assets measured at cost or amortized cost, the Entity recognizes in the statement of revenues over expenses an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. If an asset that was previously written down becomes less impaired and the recovery in value relates to an event occurring subsequent to the impairment write-down, the asset can be written back up, but only to the extent of the original impairment adjustment. This reversal of the previously recorded impairment loss is recorded in the statement of revenues and expenses in the period the reversal occurs.

(f) Government subsidy:

The Entity periodically applies for financial assistance under available government incentive and subsidy programs. Government subsidies are recognized as revenue in the period that the Entity becomes eligible to receive the subsidy and when related expenses are incurred.

(g) Revenue recognition:

The Entity follows the deferral method of accounting for contributions which include donations and government grants. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted 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 capital contributions related to tangible capital assets that will be amortized are deferred and amortized on a straight-line basis over the estimated useful life of the corresponding asset. Restricted capital contributions for the purchase of tangible capital assets that are not amortized are recognized as direct increases in net assets.

Externally 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.

Contributions of shares of publicly traded companies are recorded at the closing market price of the shares on the day they are effectively received by the Entity. The delivered value of the shares is included in donations and other income.

(h) Donated services and materials:

A substantial number of volunteers contribute a significant amount of time each year. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements. Gifts in kind are recognized as revenue when the value can be reasonably determined and the Entity would have to otherwise purchase these items for use in the normal course of operations.

**1. Significant accounting policies (continued):**

(i) Use of estimates:

The preparation of financial statements in conformity with ASNPO 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 date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Estimates primarily arise in the determination of the allowance for doubtful accounts, calculation of estimated useful lives and potential impairment of tangible capital assets, determination of accrued liabilities and potential contingencies. Actual results could be different from their estimates. These estimates and assumptions are reviewed periodically and are prospectively adjusted in the periods in which they become known.

(j) Expenses:

Expenses are charged to mission priorities, which include clubs, community-based care, education and employment, housing, indigenous initiatives, and administrative support according to the activity that they benefit. Certain expenses benefit more than one category and, accordingly, are attributed to the relevant categories on the basis of actual expenses and employee hours. The basis of allocation for all expenses may be revised according to specific program budgets.

- Clubs expenses consist of staff compensation and benefits, facility maintenance and rental of club spaces, and admin costs related to running the clubs.
- Community based care expenses consist of staff compensation and benefits, food distribution, individualized support and foster care maintenance payments.
- Education and employment expenses include costs directly related to further our clients education and to supply training and teach those skills necessary to gain employment.
- Housing expenses include rent/shelter for teens, food distribution and individualized support costs.
- Administrative support expenses are incurred to operate the Entity and its programs in a cost-effective manner while maximizing all opportunities to further the Entity’s mission. These include expenses related to human resources, information technology, facilities and finance department in addition to corporate governance activities, such as strategic planning, reporting, and financial planning. A portion of these costs are allocated to the programs as per each of the funder agreement allowances.

## 2. Restricted cash:

Restricted cash consists of the balances in separate bank accounts as required by the Alberta Gaming and Liquor Commission related to casino and raffle proceeds. The use of these funds is restricted to specified uses as defined in the casino and raffle license agreements, and must be spent within a specified time frame.

## 3. Investments:

| | 2023 | 2022 |
|---|---:|---:|
| GICs | $ 3,750,000 | $ 3,153,943 |
| Member share dividend | 9,553 | 9,102 |
| | $ 3,759,553 | $ 3,163,045 |

The outstanding GICs as at March 31, 2023 have issue dates that range between July 20, 2022 and January 19, 2023. The effective interest rates on the GICs range between 4.1% to 5.05% per annum (compared to 0.80% per annum in 2022). GICs have maturity dates between April 17, 2023 and January 19, 2024.

GICs earned interest income of $104,636 in 2023 (compared to $12,566 in 2022).

## 4. Tangible capital assets:

| 2023 | Cost | Accumulated amortization | Net book value |
|---|---:|---:|---:|
| Buildings and related improvements: | | | |
| Pineridge Club | $ 851,322 | $ 479,811 | $ 371,511 |
| Penbrooke Club | 784,448 | 500,636 | 283,812 |
| Other | 2,320,110 | 1,466,130 | 853,980 |
| Vehicles | 211,339 | 161,312 | 50,027 |
| Office equipment and furniture | 303,759 | 257,170 | 46,589 |
| Assets under capital lease | 442,750 | 176,577 | 266,173 |
| Computer and software | 1,111,016 | 1,036,175 | 74,841 |
| Clubs equipment | 126,247 | 126,247 | – |
| Appliances | 30,265 | 26,540 | 3,725 |
| Leasehold building improvements | 754,069 | 543,855 | 210,214 |
| Assets under construction | 36,254 | – | 36,254 |
| | $ 6,971,579 | $ 4,774,453 | $ 2,197,126 |

**4. Tangible capital assets (continued):**

| 2022 | Cost | Accumulated amortization | Net book value |
|---|---|---|---|
| Buildings and related improvements: | | | |
| Pineridge Club | $ 851,322 | $ 451,415 | $ 399,907 |
| Penbrooke Club | 784,448 | 474,438 | 310,010 |
| Other | 2,320,110 | 1,368,101 | 952,009 |
| Vehicles | 670,691 | 591,985 | 78,706 |
| Office equipment and furniture | 303,759 | 226,019 | 77,740 |
| Assets under capital lease | 442,751 | 132,433 | 310,318 |
| Computer and software | 1,111,016 | 955,039 | 155,977 |
| Clubs equipment | 126,247 | 126,247 | – |
| Appliances | 30,264 | 24,822 | 5,442 |
| Leasehold building improvements | 754,068 | 485,795 | 268,273 |
| | $ 7,394,676 | $ 4,836,294 | $ 2,558,382 |

Total amortization expenses recognized for the year was $385,107 (2022 – $404,634).

**5. Lease receivable:**

In 2021, the Entity leased out building and equipment assets related to Camp Adventure to Connect Charter School Society. Total proceeds were $1,000,000 with $150,000 paid on August 1, 2021 and $850,000 set up as a 10-year Lease receivable with 3% annual interest rate in years 1-3, and 10% in years 4-10. The principal lease amount received during the year was $64,129 (2022 – $190,099).

During 2023, the Entity recognised interest income on lease receivables of $54,673 (2022 – $32,314). The following table shows the undiscounted lease payments to be received:

| | |
|---|---|
| 2024 | $ 67,390 |
| 2025 | 68,555 |
| 2026 | 71,998 |
| 2027 | 79,537 |
| 2028 | 87,866 |
| Thereafter | 331,379 |
| | $ 706,725 |
| Less: current portion | 67,390 |
| | $ 639,335 |

## 6. Accounts payable and accrued liabilities:

Government remittances included in accounts payable and accrued liabilities at year end were $102,286 (2022 – $98,700) for payroll.

## 7. Deferred contributions – program advances:

Deferred contributions – program advances represent resources for operations received in one period that will be utilized in a subsequent period, as well as externally restricted contributions that were not spent as at March 31, 2023. Changes in this deferred contribution balance are as follows:

| | 2023 | 2022 |
|---|---|---|
| Balance, beginning of year | $ 2,818,792 | $ 1,532,622 |
| Received during the year | 21,889,341 | 16,890,810 |
| Recognized as revenue during the year | (21,199,366) | (15,604,640) |
| Balance, end of year | $ 3,508,767 | $ 2,818,792 |

## 8. Deferred donations related to tangible capital assets:

| | 2023 | 2022 |
|---|---|---|
| Deferred donations related to tangible capital assets: | | |
| Balance, beginning of year | $ 2,144,150 | $ 1,929,740 |
| Capital donations received | 102,946 | 429,364 |
| Less: amortization for the year | (198,046) | (164,954) |
| Disposals and write-downs | – | (50,000) |
| Balance, end of year | $ 2,049,050 | $ 2,144,150 |

## 9. Loans:

| | | 2023 | | 2022 |
|---|---|---|---|---|
| Mortgage payable on Pineridge for Bear Lodge Group Home Centre, bearing interest at 4.00% per annum with a renewal date of November 1, 2024 and monthly blended payments of principal and interest in the amount of $1,711 and secured against the underlying asset. | $ | 264,372 | $ | 267,677 |
| Mortgage payable on Rundle for Rundle Group Home Centre, bearing interest at 4.00% per annum with a renewal date of November 1, 2024 and monthly blended payments of principal and interest in the amount of $1,167 and secured against the underlying asset. | | 250,467 | | 260,705 |
| Mortgage payable on the North East Condo Centre, bearing interest at 4.00% per annum with a renewal date of November 1, 2024 and monthly blended payments of principal and interest in the amount of $1,271 and secured against the underlying asset. | | 141,768 | | 151,099 |
| | | 656,607 | | 679,481 |
| Less: current portion | | 23,881 | | 23,009 |
| | $ | 632,726 | $ | 656,472 |

Total interest paid on loans for the year was $26,775 (2022 – $27,667).

Under the terms of the mortgage agreements, the Entity must maintain a debt service coverage ratio covenant of not less than 1.25:1 and a modified debt-to-equity ratio covenant of not greater than 3.00:1. As at March 31, 2023, the Entity was in compliance with both of its financial covenants.

On the assumption that the mortgages will be renewed on similar terms to those currently existing, estimated principal repayments over the next five years for the mortgages payable and capital leases are as follows:

| | | |
|---|---|---|
| 2024 | $ | 23,881 |
| 2025 | | 24,923 |
| 2026 | | 25,938 |
| 2027 | | 26,995 |
| 2028 | | 28,037 |
| Thereafter | | 526,833 |
| | $ | 656,607 |

**10. Capital lease obligations:**

In the prior year, the Entity acquired furniture under two capital leases bearing interest at 2.2% per annum. As at March 31, 2023 combined outstanding balance on both leases is $55,525 (2022 – $137,820).

The capital lease obligations are secured by the respective assets.

Principal repayments required are as follows:

| | | |
|---|---|---|
| Capital lease obligations | $ | 55,525 |
| Less: current portion | | (55,525) |
| | $ | – |

**11. Gifts in kind:**

Included in donations revenue is $87,734 (2022 – $30,746) of gifts in kind.

**12. Government Assistance:**

During the 2021 financial year, the Government of Canada created the Canada Emergency Wage Subsidy ("CEWS") to provide wage assistance to entities that experienced a drop in revenues resulting from the COVID-19 outbreak. During the year, the Entity did not claim or recognize relief under CEWS (2022 – $1,189,575). No amount was receivable under CEWS as at March 31, 2023 (2022 – $nil).

**13. Surplus:**

Certain of the Entity's funding sources retain the right under contract to reclaim any funded program surplus consisting of grants in excess of actual funded expenditures. The Entity, in accordance with surplus retention agreements with its funders, may obtain permission from funding sources to allocate surpluses and apply them to specific purposes. Any surpluses incurred at the year ended March 31, 2023 have been handled in accordance with the agreements and have only been carried over upon funders' consent.

## 14. Charitable Fund-raising Act and Regulations compliance:

Section 8 of the Charitable Fund-raising Act and Section 7(2) of the Charitable Fund-raising Regulations require the financial information return and audited financial statements to contain certain information related to contributions and related expenses.

Total compensation paid to employees whose principal duties involve fundraising was $490,279 (2022 – $545,797). Total expenses incurred for the purpose of soliciting contributions were $169,828 (2022 – $147,752).

## 15. Income taxes:

The Entity is registered as a charitable organization under the Income Tax Act (the "Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Entity must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

## 16. Related party transactions:

Related party transactions are with the Trellis Foundation for Community Impact (the "Foundation"), which is related to the Entity by way of common charitable objectives:

(i) The Entity leases group homes from the Foundation for which rental payments of $543,000 (2022 – $649,275) were paid during the year. Also during the year, the Entity received a $100,000 (2022 – $140,000) donation from the Foundation and $507,000 (2022 – $642,010) rental support payments, of which $nil (2022 – $nil) is included in accounts receivable at year-end. The $100,000 donation is considered Splash Event fundraising and is reflected in the donations revenue. The $507,000 rental support payments above are shown as Trellis Foundation Support revenue.

(ii) During the year, the Foundation paid $300,000 (2022 – $200,000) to Trellis for facilities maintenance support.

(iii) During the year, the Entity made a loan advance of $3,000,000 (2022 – $nil) to the Foundation to support its Charitable objectives. The amount outstanding as at March 31, 2023 was $3,000,000 (2022 – $nil). Refer to note 18 for additional details.

**17. Financial instruments:**

(a) Market risk:

The Entity is exposed to market risk as a portion of its investment portfolio is held in marketable securities, which fluctuate with market pressures. Revenue could be affected adversely by changes in the market.

(b) Liquidity risk:

The Entity's objective is to have sufficient liquidity to meet its liabilities when due. The Entity monitors its cash and cash equivalents balances and cash flows generated from operations to meet its requirements.

(c) Currency risk:

The Entity is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of the business, the Entity may own shares of investments denominated in U.S. dollars and other foreign currencies.

(d) Credit risk:

The Entity is exposed to credit risk as it relates to cash and cash equivalents and accounts receivable. Cash is held with Canadian financial institutions, and accounts receivable is due from funders and donors with no history of non-payment.

(e) Interest rate risk:

Interest rate risk reflects the sensitivity of the Entity's financial results and operations to movements in interest rates. The Entity had no operating line with variable borrowings rates as at year end. As a result, there is no exposure to changes in interest rates on facilities.

Investments have varying maturity dates. Accordingly, if interest rates decline, the Entity may not be able to reinvest the maturing investment at a rate similar to that of the balance maturing.

There is no significant change in risk exposure from prior years.

**18. Loan receivable from the Foundation:**

During the year, the Entity made a loan advance of $3,000,000 (2022 – $nil) to the Foundation to support its Charitable objectives. The amount bears no interest and is payable to the Entity in consecutive yearly instalments of $20,000 each commencing on March 31st, 2024 and continuing on the 31st of March each following year with the balance outstanding on March 31st, 2074 being fully paid on to the Entity by that date. The Foundation may repay the loan in its entirety without further penalty.

**19. Commitments:**

Trellis has various operating leases for premises expiring on or before September 30, 2029. These leases commit Trellis to the following estimated minimum annual base plus operating cost rent payments, as follows:

| | |
|---|---|
| 2024 | $ 962,929 |
| 2025 | 545,782 |
| 2026 | 151,590 |
| 2027 | 138,157 |
| 2028 | 146,975 |
| Thereafter | $ 224,872 |

**20. Comparative information:**

Certain comparative information has been reclassified, where applicable, to conform with the presentation adopted in the current year.