CALGARY DROP-IN & REHAB CENTRE SOCIETY

Financial Statements

March 31, 2026

CALGARY DROP-IN & REHAB CENTRE SOCIETY
Index to Financial Statements
For the Year Ended March 31, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Calgary Drop-In & Rehab Centre Society:

Opinion

We have audited the financial statements of Calgary Drop-In & Rehab Centre Society (the "Society"), which comprise the statement of financial position as at March 31, 2026, and the statements of operations, changes in net assets, and cash flows for the year 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, 2026, and its financial performance 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 report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with those 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, 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 cease operations, or has no realistic alternative but to do so.

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Independent Auditor's Report to the Board of Directors of Calgary Drop-In & Rehab Centre Society
(continued)

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

Auditor's Responsibilities for the Audit of 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 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:

• 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 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 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.

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta
June 26, 2026

CALGARY DROP-IN & REHAB CENTRE SOCIETY

Statement of Financial Position

As at March 31

	2026	2025
Assets		
Current		
Cash	**$ 4,369,638**	$ 6,304,526
Internally restricted cash *(Note 3)*	**6,700,000**	6,700,000
Accounts receivable	**143,119**	169,235
Goods and services tax recoverable	**197,754**	293,551
Prepaid expenses and other assets	**324,291**	78,382
	11,734,802	13,545,694
Property and equipment *(Note 4)*	**59,559,386**	56,172,123
	$ 71,294,188	$ 69,717,817
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 3,418,826**	$ 2,916,859
Security deposits	**174,220**	161,075
Unearned rent	**18,731**	18,859
Deferred contributions related to operations *(Note 5)*	**321,830**	1,259,987
Demand loan *(Note 6)*	**4,892,013**	5,292,012
	8,825,620	9,648,792
Long-term debt *(Note 6)*	**4,519,691**	4,632,241
Deferred contributions related to property and equipment *(Note 5)*	**30,871,336**	30,269,105
	44,216,647	44,550,138
Net assets		
Internally restricted *(Note 3)*	**7,700,000**	8,000,000
Invested in property and equipment	**18,952,730**	15,978,766
Replacement reserve *(Note 7)*	**251,840**	207,170
Unrestricted	**172,971**	981,743
	27,077,541	25,167,679
	$ 71,294,188	$ 69,717,817

On behalf of the Board:

Mirela Hiti ____________________ *Director*

____________________ *Director*

The accompanying notes form an integral part of the financial statements.

CALGARY DROP-IN & REHAB CENTRE SOCIETY

Statement of Operations

For the Year Ended March 31

	2026	2025
Revenues		
Grants		
Government of Alberta	**$ 25,131,526**	$ 23,510,771
Recovery Alberta	**2,376,690**	2,374,736
Calgary Homeless Foundation	**2,374,905**	1,768,773
Other	**290,364**	861,753
City of Calgary	**158,197**	435,926
Donations	**3,150,358**	3,006,993
Rental revenue	**2,969,549**	3,020,281
Gifts in-kind *(Note 10)*	**1,946,955**	712,020
Utilization of deferred contributions *(Note 5)*	**1,332,458**	651,042
Other revenue	**462,748**	221,921
Interest income	**378,769**	422,870
	40,572,519	36,987,086
Expenses		
Direct client costs		
Food	**1,934,616**	1,016,407
Personal incidentals	**801,695**	789,988
Rent and damage deposit	**783,137**	580,898
Direct client costs - other	**252,129**	120,313
Materials and supplies	**114,630**	618,330
	3,886,207	3,125,936
Facilities		
Building maintenance	**1,194,108**	1,174,973
Utilities	**1,117,033**	1,287,745
Loan interest expenses	**272,799**	393,956
Facility supplies	**270,791**	267,929
Facilities - other	**208,244**	297,644
Facility insurance	**194,812**	256,096
Telephone, internet and tech expenses	**152,718**	198,539
Vehicle expenses	**67,504**	75,700
	3,478,009	3,952,582
Administration		
Consultant charges	**854,009**	1,006,948
Licensing and other fees	**643,307**	641,333
Administration - other	**451,702**	462,587
Staff recruitment and training	**178,763**	112,393
Staff expenses	**110,682**	92,968
Advertising	**36,248**	42,082
Staff travel	**30,923**	58,435
	2,305,634	2,416,746
Salaries and benefits	**28,250,103**	26,532,489
	37,919,953	36,027,753
Excess of revenues over expenses before other items	**2,652,566**	959,333
Other items		
Amortization of deferred revenue related to property and equipment *(Note 5)*	**638,306**	544,587
Amortization of property and equipment	**(1,381,010)**	(1,382,225)
	(742,704)	(837,638)
Excess of revenues over expenses	**$ 1,909,862**	$ 121,695

The accompanying notes form an integral part of the financial statements.

CALGARY DROP-IN & REHAB CENTRE SOCIETY

Statement of Changes in Net Assets

For the Year Ended March 31

	Internally restricted funds *(Note 3)*	Invested in property and equipment	Replacement Reserve *(Note 7)*	Unrestricted funds	**2026**	2025
Net assets – beginning of year	$ 8,000,000	$ 15,978,766	$ 207,170	$ 981,743	**$ 25,167,679**	$ 25,045,984
Excess of revenues over expenses	-	(742,704)	44,670	2,607,896	**1,909,862**	121,695
Capital transactions	-	3,416,668	-	(3,416,668)	**-**	-
Interfund transfer *(Note 8)*	(300,000)	300,000	-	-	**-**	-
Net assets – end of year	**$ 7,700,000**	**$ 18,952,730**	**$ 251,840**	**$ 172,971**	**$ 27,077,541**	$ 25,167,679

The accompanying notes form an integral part of the financial statements.

CALGARY DROP-IN & REHAB CENTRE SOCIETY

Statement of Cash Flows

For the Year Ended March 31

	2026	2025
Operating activities		
Excess of revenues over expenses	**$ 1,909,862**	$ 121,695
Items not affecting cash:		
Amortization of property and equipment	**1,381,010**	1,382,225
Amortization of deferred contributions *(Note 5)*	**(638,306)**	(544,587)
	2,652,566	959,333
Changes in non-cash working capital		
Accounts receivable	**26,116**	35,981
Goods and services tax recoverable	**95,797**	(85,504)
Prepaid expenses	**(245,909)**	27,320
Accounts payable and accrued liabilities	**501,967**	729,116
Security deposits	**13,145**	7,220
Unearned rent	**(128)**	1,709
Changes to deferred contributions related to operations *(Note 5)*	**(938,157)**	(178,088)
Cash flows from operating activities	**2,105,397**	1,497,087
Investing activities		
Purchase of property and equipment	**(4,768,273)**	(11,751,158)
Financing activities		
Net additions to deferred contributions related to property and equipment *(Note 5)*	**1,240,537**	14,231,268
Repayment of demand loan	**(399,999)**	(391,321)
Repayment of long-term debt	**(112,550)**	(111,802)
Cash flow from financing activities	**727,988**	13,728,145
Increase in cash flows	**(1,934,888)**	3,474,074
Cash – beginning of year	**13,004,526**	9,530,452
Cash – end of year	**11,069,638**	13,004,526
Cash consists of:		
Cash	**$ 4,369,638**	$ 6,304,526
Internally restricted cash *(Note 3)*	**6,700,000**	6,700,000
	$ 11,069,638	$ 13,004,526

The accompanying notes form an integral part of the financial statements.

1. Purpose of the organization

The Calgary Drop-In & Rehab Centre Society (the "Society") welcomes adults at risk of experiencing homelessness. Working collaboratively, the Society provides access to a spectrum of care that supports each person's transition to the most independent living possible – including emergency shelter, programs and services, and affordable and supported housing. The Society is incorporated under the Societies Act of Alberta and is a registered charity under the Income Tax Act of Canada and therefore is not subject to income tax.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and, in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Revenue recognition

The Society follows the deferral method of accounting for contributions.

Restricted grants and donations are recognized as revenue in the year in which the related expenses are incurred. Restricted grants and donations related to property and equipment are recognized in revenue using the same rates and methods to amortize the assets to which the contribution relates.

Unrestricted grants and donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rental revenue is recognized as revenue in the month the rent is due.

Interest income is recognized as revenue on an accrual basis when it is earned.

Other revenue is recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

b) Cash and cash equivalents

Cash consists of cash on hand and balances with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, with original maturities of three months or less that are subject to an insignificant risk of change in value.

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2. Summary of significant accounting policies *(continued)*

c) Property and equipment

Purchased property and equipment are stated at cost less accumulated amortization. Contributed property and equipment are recorded at fair value at the date of contribution, unless fair value is not determinable in which case contributed tangible capital assets are recorded at nominal value at the date of contribution. Contributed property and equipment are subsequently amortized. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the property and equipment are capitalized.

Amortization based on the estimated useful life of the asset is calculated as follows:

Buildings	Remaining useful life years	straight-line method
Equipment	6.67 years	straight-line method
Automobiles	5 years	straight-line method
Computer	5 years	straight-line method

The City of Calgary has approved a 25-year ground lease for the property beneath the main Riverfront building at $10.00 per year, starting February 1, 2025, and ending February 28, 2050, with an option to renew for an additional 25 years.

e) Contributed materials and services

Contributed materials and services which are used in the normal course of the Society's operation and would otherwise have been purchased are recorded at their fair value at the date of contribution.

f) Management estimates

The preparation of financial statements in accordance 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 contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The financial statement areas that contain management estimates are the useful lives of property and equipment, amortization of deferred contributions related to property and equipment, expenses allocations among programs, and estimation of value for the gifts in-kind. Actual results could differ from those estimates.

3. Internally restricted funds

The Board of Directors has established an operating reserve. The reserve will be accumulated as funds are available to a maximum equal to three months of operating expenses. The funds shall be held available for and restricted in use to meet the regular operating expenses of the Society in the event revenues available to meet such expenses are otherwise insufficient, and for no other purpose. This reserve cannot be accessed without prior approval of the Board of Directors. The capital reserves represent funds held for future additions to property and equipment or repayment of debt used to finance past additions to property and equipment.

	Operating Reserve	**Capital Reserve**	**2026**	2025
Reserve balance, beginning	**$ 6,700,000**	**$ 1,300,000**	**$ 8,000,000**	$ 7,200,000
Capital transactions (Note 8)	**-**	**(300,000)**	**(300,000)**	800,000
	$ 6,700,000	**$ 1,000,000**	**$ 7,700,000**	$ 8,000,000

4. Property and equipment

	Cost	Accumulated amortization	**2026 Net book value**	2025 Net book value
Land	$ 9,669,763	$ -	**$ 9,669,763**	$ 9,669,763
Buildings	90,769,660	41,643,991	**49,125,669**	33,036,928
Equipment	536,878	302,588	**234,290**	297,732
Automobiles	252,038	205,350	**46,688**	97,095
Computers	4,379,943	3,912,213	**467,730**	591,290
Construction in progress	15,246	-	**15,246**	12,479,315
	$105,623,528	$ 46,064,142	**$ 59,559,386**	$ 56,172,123

Construction in progress is not amortized until the item of property and equipment is substantially complete and ready for use. The ongoing capital project was completed in January 2026, resulting in $17,071,121 capitalized cost transferred from construction in progress to property and equipment for amortization.

5. Deferred contributions

The deferred contributions relate to funds received in the current and previous periods to be matched with expenses of subsequent periods. Contributions received for property and equipment are deferred and amortized over the useful life of the asset. Unused cash for capital contributions are transferred to deferred contributions for future capital expenditure.

	2025	Addition	Inter-account transfers	Amortization/ Utilization	**2026**
Deferred contributions related to property and equipment					
Riverfront Avenue	$ 9,972,242	$ -	$ 1,386,647	$ (130,695)	**$ 11,228,194**
Greenview Rise	7,783,156	3,490	23,042	(173,091)	**7,636,597**
Sundial Apartments	5,884,045	95,352	1,133,185	(150,196)	**6,962,386**
Others	4,125,216	709,365	(3,792,606)	(155,744)	**886,231**
Donation Centre	1,512,718	342,306	613,121	(15,532)	**2,452,613**
Bridgeland Manor	991,728	331,335	395,300	(13,048)	**1,705,315**
	30,269,105	1,481,848	(241,311)	(638,306)	**$ 30,871,336**
Deferred contributions related to operations					
	1,259,987	152,990	241,311	(1,332,458)	**$ 321,830**
	$ 31,529,092	$ 1,634,838	$ -	$ (1,970,764)	**$ 31,193,166**

6. Demand loan

	2026	2025
Canada Mortgage and Housing Corporation (a)	**$ 4,519,691**	$ 4,632,241
Toronto-Dominion Bank loan (b)	**4,892,013**	5,292,012
	$ 9,411,704	$ 9,924,253

(a) On May 25, 2020, the Society entered into an agreement with Canada Mortgage and Housing Corporation ("CMHC") consisting of a repayable loan of $4,855,162 and a forgivable loan of $3,773,207 which is included in deferred contributions. The principal balance of the repayable loan is amortized over a period of 40 years commencing once the Society demonstrates twelve consecutive months of annualized gross income from the project of no less than $719,352. This loan bears interest at 0.65% (2025 - 0.65%). Interest payments of $29,737 (2025 - $30,395) and principal payments of $112,550 (2025 - $111,802) were made during the year. The Society is subject to a financial covenant under this agreement to maintain a Debt Service Coverage Ration of 1.11. As at March 31, 2026, the Society has met the requirement of this financial covenant.

(b) On April 15, 2020, the Society entered a revolving loan agreement with Toronto-Dominion Bank ("TD") for the following purposes:

1. To assist with working capital for a maximum amount of $500,000;
2. To assist with capital expenditures and acquisitions for property up to a maximum amount of $3,000,000;
3. To provide interim financing for the construction of the Greenview Rise building up to a maximum amount of $12,480,656;
4. Upon completion of the Greenview Rise building, to replace property located at 4804 Edmonton Trail NE with a long-term financing for that;
5. In compliance with the City's construction mandates, TD issued a $150,000 letter of credit in 2023. In 2024, the Society met the City's requirements, resulting in the release of the letter of credit.

The revolving loan was converted to long-term financing in accordance with Facility #4. The long-term loan bears interest at prime + 0.00% (2025: prime + 0.00%). The loan is repayable to TD on demand. In the absence of demand, the drawdown will be repaid by minimum monthly principal payments based on a 20-year notional amortization. The loan is secured by first charge on all properties associated with the Society, collateral on the mortgage of buildings located at 835 - 6 Avenue SW with a net book value of $10,002,135 (2025 - $7,239,843), and general assignment of rent leases associated with the address as previously mentioned.

7. Replacement reserve

To be in compliance with CMHC loan outlined in Note 6(a), a percentage of revenues of the project are to be restricted in a replacement reserve $251,840 (2025 - $207,170) has been restricted to date.

8. Interfund transfers

The Board of Directors approved transfers as follows:

a) During the year, $300,000 from the capital reserve was allocated to invested in property and equipment. In 2025, $800,000 in unrestricted funds were transferred to the capital reserve.

b) $44,670 (2025 - $45,170) from unrestricted funds to the replacement reserve, which is further discussed in Note 7.

9. Additional information to comply with the disclosure requirement of the Charitable Fund-raising Act of Alberta and regulations

Gross contributions received were $3,150,358 (2025 - $3,006,993).

The Society incurred a total cost of $345,787 (2025 - $377,715) for soliciting these contributions. Included in these total costs are $268,104 (2025 - $237,063) remuneration paid to employees engaged in these fundraising activities.

10. Contributed materials and services

The Society received food, personal incidentals, supplies and small furnishings with a fair market value of $1,946,955 (2025 - $712,020) recorded in gifts in-kind donation revenue and direct client costs.

Volunteers contributed approximately 42,642 (2025 - 51,376) hours during the year to assist the Society to carry out its programs. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

11. Financial instruments

The Society's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, loan and security deposits, with all financial assets and liabilities reported at their amortized cost. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant market, interest rate, currency or credit risks arising from these financial instruments. The fair value approximates their carrying value. There has been no change in exposure to risk from that reported in the prior year.

12. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation. This reclassification has no effect on the prior year's excess of revenues over expenses.