



Financial Statements

Alexandra Community Health Centre

March 31, 2020

Independent Auditor's Report

Grant Thornton LLP

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To the Board of Directors
Alexandra Community Health Centre

Opinion

We have audited the financial statements of Alexandra Community Health Centre ("The Alex"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and 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 Alex as at March 31, 2020, 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 report. We are independent of The Alex 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.

Emphasis of matter - Restated Comparative Information

We draw attention to Note 15 to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2019 has been restated. Our opinion is not modified in respect of this matter.

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 Alex'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 Alex or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The Alex's financial reporting process.

Independent Auditor's Report (continued)

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 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 Alex'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 Alex'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 Alex 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 22, 2020

Grant Thornton LLP

Chartered Professional Accountants

Alexandra Community Health Centre

Statement of Financial Position

As at March 31, 2020

2020

2019

	General Funds			Capital Fund	Total	(Restated - Note 15) Total
	Operating Fund	Sustainability Fund	Total			
	\$	\$	\$	\$	\$	\$
Assets						
Current						
Cash	1,922,962	-	1,922,962	-	1,922,962	3,109,837
Restricted cash (Note 3)	168,370	-	168,370	-	168,370	444,912
Investments (Note 4)	2,172,716	-	2,172,716	-	2,172,716	1,717,483
Restricted investments (Note 4)	-	5,369,739	5,369,739	295,483	5,665,222	5,938,246
Accounts receivable (Note 5)	995,251	-	995,251	-	995,251	906,139
Prepaid expenses	50,716	-	50,716	-	50,716	70,162
	<u>5,310,015</u>	<u>5,369,739</u>	<u>10,679,754</u>	<u>295,483</u>	<u>10,975,237</u>	<u>12,186,779</u>
Deposits	66,895	-	66,895	-	66,895	75,020
Tangible capital assets (Note 6)	-	-	-	1,583,021	1,583,021	1,315,834
	<u>5,376,910</u>	<u>5,369,739</u>	<u>10,746,649</u>	<u>1,878,504</u>	<u>12,625,153</u>	<u>13,577,633</u>
Liabilities						
Current						
Accounts payable and accrued liabilities	2,076,402	-	2,076,402	-	2,076,402	2,631,216
	<u>2,076,402</u>	<u>-</u>	<u>2,076,402</u>	<u>-</u>	<u>2,076,402</u>	<u>2,631,216</u>
Deferred contributions (Note 7)	1,140,199	-	1,140,199	-	1,140,199	1,381,760
Designated contributions - donations (Note 8)	2,160,309	2,200,000	4,360,309	-	4,360,309	4,510,577
Externally restricted contributions for Children's Health Program (Note 10)	-	585,000	585,000	-	585,000	585,000
	<u>5,376,910</u>	<u>2,785,000</u>	<u>8,161,910</u>	<u>-</u>	<u>8,161,910</u>	<u>9,108,553</u>
Net Assets						
Invested in tangible capital assets	-	-	-	1,583,021	1,583,021	1,315,834
Internally restricted	-	2,584,739	2,584,739	295,483	2,880,222	3,153,245
	<u>-</u>	<u>2,584,739</u>	<u>2,584,739</u>	<u>1,878,504</u>	<u>4,463,243</u>	<u>4,469,079</u>
	<u>5,376,910</u>	<u>5,369,739</u>	<u>10,746,649</u>	<u>1,878,504</u>	<u>12,625,153</u>	<u>13,577,633</u>

Commitments (Note 14)

Impact of COVID-19 (Note 16)

On behalf of the Board of Directors



Director

Janice Anderson

Director

Alexandra Community Health Centre

Statement of Operations and Changes in Net Assets

Year ended March 31, 2020

2020

2019

	General Funds			Capital Fund	Total	(Restated - Note 15) Total
	Operating Fund	Sustainability Fund	Total			
	\$	\$	\$	\$	\$	\$
Revenue						
Calgary Homeless Foundation	10,177,697	-	10,177,697	-	10,177,697	9,677,093
Provincial Government	9,137,365	-	9,137,365	-	9,137,365	9,059,746
Municipal Government	772,570	-	772,570	-	772,570	389,511
Federal Government	-	-	-	-	-	157,796
United Way	603,713	-	603,713	-	603,713	591,850
Fundraising revenue	3,199,870	-	3,199,870	242,958	3,442,828	2,569,979
Other revenue	873,170	-	873,170	-	873,170	933,484
Interest income	84,367	112,209	196,576	16,670	213,246	161,266
	24,848,752	112,209	24,960,961	259,628	25,220,589	23,540,725
Expenses						
Salaries, wages and benefits	13,786,919	-	13,786,919	-	13,786,919	11,817,250
Professional fees and contracted services	5,454,437	-	5,454,437	-	5,454,437	5,276,840
Programs and supplies	2,290,715	-	2,290,715	-	2,290,715	2,279,853
Homeless Housing Society of Calgary (Note 12)	1,418,762	-	1,418,762	-	1,418,762	1,436,100
Facilities	1,318,901	-	1,318,901	-	1,318,901	1,205,034
Office and administration	461,897	-	461,897	-	461,897	645,784
Amortization	-	-	-	381,309	381,309	331,342
Insurance	110,793	-	110,793	-	110,793	100,414
	24,842,422	-	24,842,422	381,309	25,223,731	23,092,616
(Deficiency) excess of revenues over expenses before other Items	6,330	112,209	118,539	(121,681)	(3,142)	448,109
Other Items						
(Loss) gain on disposal of capital assets	-	-	-	(2,694)	(2,694)	14,900
(Deficiency) excess of revenues over expenses	6,330	112,209	118,539	(124,375)	(5,836)	463,009
Net assets - beginning of year (as previously reported)	-	2,466,200	2,466,200	2,002,879	4,469,079	3,710,087
Change in accounting policy (Note 15)	-	-	-	-	-	295,983
Net assets - beginning of year (as restated)	-	2,466,200	2,466,200	2,002,879	4,469,079	4,006,070
Transfer to Sustainability Fund	(6,330)	6,330	-	-	-	-
Transfer to Capital Fund	-	-	-	-	-	-
Net assets - end of the year	-	2,584,739	2,584,739	1,878,504	4,463,243	4,469,079

Alexandra Community Health Centre

Statement of Cash Flows

As at March 31, 2020	2020	2019
	\$	\$
(Decrease) increase in cash		(Restated - Note 15)
Operating		
(Deficiency) excess of revenues over expenses	(5,836)	463,009
Items not affecting cash		
Amortization of tangible capital assets	381,309	331,342
Loss (gain) on disposition of tangible capital assets	2,694	(14,900)
	<u>378,167</u>	<u>779,451</u>
Change in non-cash working capital items		
Restricted cash	276,542	4,861,496
Accounts receivable	(89,112)	(219,983)
Prepaid expenses	19,446	(58,226)
Deposits	8,125	1,043
Accounts payable and accrued liabilities	(554,814)	861,614
Obligation under rental lease agreement	-	(75,849)
Deferred contributions	(241,561)	173,643
Designated contributions - donations	(150,268)	26,634
	<u>(353,475)</u>	<u>6,349,823</u>
Investing		
Purchase of tangible capital assets	(683,084)	(245,664)
Proceeds from disposition of tangible capital assets	31,894	14,900
Purchase of investments	(182,209)	(5,958,529)
	<u>(833,399)</u>	<u>(6,189,293)</u>
(Decrease) increase in cash	(1,186,875)	160,530
Cash		
Beginning of year	<u>3,109,837</u>	<u>2,949,307</u>
End of year	<u>1,922,962</u>	<u>3,109,837</u>

Alexandra Community Health Centre

Notes to the Financial Statements

March 31, 2020

1. Nature of operations

Alexandra Community Health Centre ("The Alex") is a registered charitable organization operating under the Societies Act of the Province of Alberta. The Alex is changing how we look at health care in Calgary. Its health, housing and community programs support our most vulnerable neighbours, tackling tough health and social issues head-on. Using a multi-disciplinary team approach, The Alex focuses its care on assessment, intervention and promotion of all aspects of health. The Alex embraces a model of health care that is accessible, responsive and participatory. In addition to the Community Health Centre, The Alex operate a Seniors Health Centre, a Youth Health Centre, two Mobile Community Health Buses, a Dental Health Bus, four Housing First programs, a Community Food Centre and a variety of community based programs.

The Alex is a registered charity under the Income Tax Act and as such is exempt from income taxes under Section 149(1) of the Income Tax Act.

The financial statements do not include the financial activities of the Homeless Housing Society of Calgary (Note 12).

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

Adoption of new accounting standards and change in accounting policy

Effective April 1, 2019, The Alex adopted the new standards in the Chartered Professional Accountants of Canada Handbook, Part III – Accounting for Not-for-Profit Organizations Sections 4433 (Tangible Capital Assets Held by Not-for-Profit Organizations) and 4441 (Collections Held by Not-for-Profit Organizations).

The adoption of Section 4433 - Tangible Capital Assets Held by Not-for-Profit Organizations resulted in a change to The Alex's accounting policies with respect to componentization, and amortization of tangible capital assets. Also, in accordance with Section 4433, The Alex's accounting policy with respect to impairment of long-lived assets has been revised.

The allocation of costs pertaining to the tangible capital assets made up of significant separable component parts had no material impact upon adoption of this standard given the composition of The Alex's tangible capital assets.

Section 4441 – Collections Held by Not-for-Profit Organizations has no material impact for The Alex as it holds no collections.

As part of the adoption of the new standards, the useful lives and capitalization thresholds for tangible capital assets were re-evaluated and revised to provide more accurate and relevant information as to the benefits obtained from the tangible capital assets. The changes have been made retroactively and the comparative year's financial statements have been restated as described in Note 15.

Alexandra Community Health Centre

Notes to the Financial Statements

March 31, 2020

2. Significant accounting policies (continued)

Fund accounting

The Alex accounts for its activities using the following funds:

The Operating Fund accounts for The Alex's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants required for ongoing operations.

The Sustainability Fund accounts for both restricted and unrestricted resources that are intended to sustain the existence and ensure the continuing activities of The Alex and/or existing programs. Funds may be utilized to support operating deficits and future projects at management's discretion. Interest earned on these funds will support ongoing operations. It includes unrestricted operating surpluses and externally restricted funds retained to ensure long term sustainability of specific programs.

The Capital Fund reports the assets, liabilities, revenues, expenses, gains and losses related to The Alex's tangible capital assets.

Revenue recognition

The Alex follows the restricted fund method of accounting for contributions.

Restricted contributions received for future operating expenses are initially recorded as deferred contributions or designated contributions - donations, and recognized in revenue of the operating fund as the related expenses are incurred. Unrestricted contributions are recognized as revenue of the Operating Fund when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Restricted contributions related to capital activities are recognized as revenue of the capital fund when received, or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Other contributions and other revenues include non-government grants, donations and other community support received for The Alex's programs and services.

Donated material and services

Each year, volunteers contribute hundreds of hours which support the delivery of The Alex's programs. Due to the difficulty of determining or otherwise estimating the value of these hours, and the fact that these services are not otherwise purchased, contributed services are not quantified and recognized in these financial statements.

Donated goods are recorded as both revenue and expense when the fair value is reasonably determinable and when they would normally be purchased and paid for by The Alex if not donated. During fiscal 2020, \$135,751 (2019 - \$13,368) of contributed services and materials were recorded in these financial statements.

Cash & cash equivalents

Cash and cash equivalents are comprised of cash on hand, balances with banks, and investments with maturity dates of not more than 90 days from purchase date. Investments are carried at fair market value.

Alexandra Community Health Centre

Notes to the Financial Statements

March 31, 2020

2. Significant accounting policies (continued)

Tangible capital assets

Purchased tangible capital assets are recorded at cost less accumulated amortization and any provision for impairment. Contributed tangible capital assets are recorded at estimated fair value at the date of contribution to the extent that fair value can be reasonably estimated. If the cost of tangible capital assets is made up of significant separable component parts, such cost is allocated to the component parts when practicable and when estimates can be made of the estimated useful lives of the separate components.

The Alex provides for amortization at rates designed to amortize the cost of tangible capital assets over their estimated useful lives on a straight-line basis.

Clinic equipment	5 years (2019 - 5 years)
Vehicles	5 years (2019 - 3 years)
Furniture and fixtures	10 years (2019 - 5 years)
Leasehold improvements	Length of lease (2019 - Length of lease)
Computers	4 years (2019 - 2 years)
Mobile health buses	10 years (2019 - 5 years)

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, or its carrying value 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 expected.

Financial instruments

Financial instruments are recorded at fair value on initial recognition. 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 operations.

The Alex records cash and cash equivalents, restricted cash, investments, restricted investments, accounts receivable, and accounts payable and accrued liabilities at amortized cost.

Financial assets measured at amortized cost are assessed for indications of impairment. When there is an indication of impairment signifying a significant adverse change in the expected timing or amount of future cash flows from the financial asset, an impairment loss will be recognized in the statement of operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in the statement of operations in the year the reversal occurs.

Alexandra Community Health Centre

Notes to the Financial Statements

March 31, 2020

2. Significant accounting policies (continued)

Leases

An operating lease is a lease where substantially all the benefits and risks incidental to ownership of the property are not transferred to The Alex.

Lease rentals under operating leases are included in the determination of excess of revenue over expenses over the lease term on a straight-line basis.

Use of estimates

The accounting standards for not-for-profit organizations require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

Items subject to significant management estimate include the collectability of accounts receivable, the useful life and recoverable value of tangible capital assets and accrued liabilities. Management reviews its estimates annually based on current available information.

3. Restricted cash

Restricted cash balances are comprised of cash balances externally restricted for specific programs in the amount of \$168,370 (2019 - \$444,912).

4. Investments and restricted investments

As at March 31, 2020, The Alex's investments and restricted investments are held in Notice Demand Savings Accounts, with an interest rate of 2.3% and 2.4% (2019 - 2.3% and 2.5%) per annum and a minimum withdrawal notice period of 31 to 90 days respectively. Cash held in these accounts are classified as investments on the statement of financial position as it is held for the purposes of investment and not for meeting short term cash commitments.

Under the Sustainability Fund, restricted investments include \$585,000 (2019 - \$585,000) restricted by the City of Calgary for the purpose of funding the Dental Health Program (see Note 10). The remaining amount of \$4,784,739 (2019 - \$4,666,200) is restricted under the Sustainability Fund mandate of which \$2,200,000 (2019 - \$2,200,000) is restricted for the Community Food Centre (Note 8). For restricted investments under the Capital Fund, please refer to Note 9.

5. Accounts receivable

Included in accounts receivable is \$84,802 (2019 - \$44,726) of government remittances recoverable.

Alexandra Community Health Centre

Notes to the Financial Statements

March 31, 2020

6. Tangible capital assets

			<u>2020</u>	<u>2019</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Clinic equipment	\$ 199,469	\$ 125,400	\$ 74,069	\$ 150,315
Vehicles	288,813	212,271	76,542	105,990
Furniture and fixtures	402,687	117,418	285,269	222,880
Leasehold improvements	1,451,688	787,421	664,267	584,653
Computers	609,744	515,699	94,045	88,789
Mobile health buses	798,451	409,622	388,829	163,207
	<u>\$ 3,750,852</u>	<u>\$ 2,167,831</u>	<u>\$ 1,583,021</u>	<u>\$ 1,315,834</u>

7. Deferred contributions

Provincial Government	\$ 185,569	\$ 463,610
Municipal Government	270,110	409,354
Grants	684,520	396,205
Others	-	112,591
	<u>\$ 1,140,199</u>	<u>\$ 1,381,760</u>

Deferred contributions represents externally restricted amounts received through government and other contracts that have not yet been spent. These amounts are restricted to various programs of The Alex.

8. Designated contributions - donations

Designated contributions – donations in the operating fund includes donations designated for particular programs that have not yet been spent. Designated contributions – donations in the sustainability fund includes \$2,200,000 (2019 - \$2,200,000) that has been allocated to the Sustainability Fund that is intended to ensure the long term sustainability of our Community Food Centre. Interest from these restricted funds will support the ongoing operations of this program.

9. Restricted investments under Capital Fund

Amounts in the Capital Fund of \$295,483 (2019 - \$687,045) are internally restricted funds of which \$nil (2019 - \$200,000) is internally restricted for the purchase of a Community Health Bus, and \$295,483 (2019 - \$487,045) is internally restricted for leasehold improvements.

Alexandra Community Health Centre

Notes to the Financial Statements

March 31, 2020

10. Externally restricted contributions for Children's Dental Health Program

In 2013, The Alex received a contribution of \$585,000 from the City of Calgary for the purpose of funding The Alex's Children's Dental Health Program. The original principal of the grant is required to be maintained intact, though both the City of Calgary and The Alex have the right to demand repayment of the grant with six months' notice. The grant had an original term of ten years.

If The Alex is not in default of its obligations under the grant after the initial ten year term expires, the grant will automatically be renewed for successive ten year terms unless The Alex defaults on its obligations under the grant or the agreement is terminated by either party.

The interest income generated from the grant is to be used to fund the ongoing lifecycle costs and expenses for the Children's Dental Health Program. Any interest which is not used to fund this program is required to be reinvested into the grant principal. As of March 31, 2020 and 2019, all the income generated from the grant has been used to fund the program.

11. Fundraising expenses

As required under Section 7(2) of the Alberta Charitable Fundraising Regulation, the following amounts are disclosed:

	<u>2020</u>	<u>2019</u>
Amounts paid as remuneration to employees whose principal duties involve fundraising	\$ 274,993	\$ 235,281
Total direct expenses for soliciting contributions	<u>34,248</u>	<u>46,282</u>
	<u>\$ 309,241</u>	<u>\$ 281,563</u>

Alexandra Community Health Centre

Notes to the Financial Statements

March 31, 2020

12. Related party transactions

The Homeless Housing Society of Calgary (the "Society") is an organization incorporated under the Societies Act (Alberta) and is considered a controlled society of The Alex as the Society is under common management on account of rent paid for clients of The Alex.

The Society is not consolidated in these financial statements. Balances of the Society for the year ended March 31 is presented below:

	<u>2020</u>	<u>2019</u>
Total assets	\$ 507,373	\$ 641,375
Total liabilities	<u>(119,818)</u>	<u>(195,965)</u>
	<u>\$ 387,555</u>	<u>\$ 445,410</u>
Contributed by The Alex	\$ 1,418,762	\$ 1,436,100
Revenues	<u>862,924</u>	<u>988,748</u>
	<u>2,281,686</u>	<u>2,424,848</u>
Expenses	<u>(2,339,541)</u>	<u>(2,440,349)</u>
Deficiency of revenue over expenses	<u>\$ (57,855)</u>	<u>\$ (15,501)</u>

Contributions to the Society by The Alex in the fiscal year ended March 31, 2020 amounted to \$1,418,762 (2019 - \$1,436,100). Management fee paid by the Society to The Alex amounted to \$228,187 (2019 - \$242,472). These amounts are included in the statement of revenue and expenses. Included in accounts receivable is \$48,403 (2019 - \$107,888) receivable from the Society. Included in accounts payable and accrued liabilities is \$Nil (2019 - \$14,107) payable to the Society. These transactions are in the normal course of operations and are measured at the exchange amount; which is the amount of consideration established and agreed to by the related parties.

13. Financial instruments

The Alex is exposed to various risks through its financial instruments. The following analysis provides a measure of The Alex's risk exposures and concentrations at March 31, 2020.

(a) 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 Alex's main credit risks relate to its cash and cash equivalents, restricted cash, investments, restricted investments and accounts receivable. The Alex mitigates its exposure to credit risk by placing its cash with major financial institutions and by investing in low risk securities consistent with The Alex's investment policy, designed to manage the risk of its portfolio of investments. Accounts receivable has no significant concentration of credit risk with any one party. The Alex also does not have a concentration of credit exposure with any one donor. As such, credit risk is considered low.

Alexandra Community Health Centre

Notes to the Financial Statements

March 31, 2020

13. Financial instruments (continued)

(b) Liquidity risk

Liquidity risk is the risk that The Alex will encounter difficulty in meeting the obligations associated with its financial liabilities. The Alex is not exposed to significant liquidity risk as a majority of its investments are not held for long term periods of time, and it is The Alex's policy to retain sufficient cash to fund its current obligations.

(c) Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Alex is mainly exposed to interest rate risk.

(i) 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 Alex is not exposed to significant interest rate fluctuations, except through the interest earned on its investments in guaranteed investment certificates, which is fairly limited.

14. Lease commitments

The Alex has operating lease commitments on property over the next five years are as follows:

2021	\$	758,690
2022		727,010
2023		736,561
2024		718,747
2025		680,317

Alexandra Community Health Centre

Notes to the Financial Statements

March 31, 2020

15. Adoption of new accounting standards and change in accounting policy

As discussed in Note 2, effective April 1, 2019, The Alex adopted the new standards in the Chartered Professional Accountants of Canada Handbook, Part III - Accounting for Not-for-Profit Organizations Section 4433 (Tangible Capital Assets Held by Not-for-Profit Organizations) and 4441 (Collections Held by Not-for-Profit Organizations).

The allocation of costs pertaining to the tangible capital assets made up of significant separable component parts had no material impact upon adoption of this standard given the composition of The Alex's tangible capital assets.

However, in assessing the impact of new standards, the useful lives and capitalization thresholds for tangible capital assets were re-evaluated and revised to provide more accurate and relevant information as to the benefits obtained from the tangible capital assets. The change in the amount of accumulated amortization due to change in useful lives of tangible capital assets has been recognized into opening net assets in the amount of \$295,983. Accordingly, the financial statements for 2019 have been retroactively restated as follows:

	2019 As previously stated	Adjustments	2019 As restated
Statement of Financial Position			
Tangible capital assets	\$ 999,685	\$ 316,149	\$ 1,315,834
Net Assets - Invested in tangible capital assets	999,685	316,149	1,315,834
Net Assets - Total - end of year	13,261,484	316,149	13,577,633
Statement of Operations and Net Assets			
Amortization	\$ 351,508	\$ (20,166)	\$ 331,342
Excess of revenues over expenses	442,843	20,166	463,009
Net Assets - Capital Fund - beginning of year	1,712,096	295,983	2,008,079
Net Assets - Capital Fund - end of year	1,686,730	316,149	2,002,879
Net Assets - Total - beginning of year	3,710,087	295,983	4,006,070
Net Assets - Total - end of year	4,152,930	316,149	4,469,079
Statement of Cash Flows			
Excess of revenues over expenses	\$ 442,843	\$ 20,166	\$ 463,009
Amortization	351,508	(20,166)	331,342

Alexandra Community Health Centre

Notes to the Financial Statements

March 31, 2020

16. Impact of COVID-19

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of The Alex for future periods.

17. Comparative figures

Certain comparative figures in revenue have been reclassified to conform to the financial statement presentation adopted in the current year.
