Financial Statements of

TRELLIS SOCIETY FOR COMMUNITY IMPACT

And Independent Auditors' Report thereon

Year ended March 31, 2021

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INDEPENDENT AUDITORS' 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, 2021
- 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, 2021, 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' 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.

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 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 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 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

September 1, 2021

TRELLIS SOCIETY FOR COMMUNITY IMPACT

Statement of Financial Position

March 31, 2021, with combined comparative information for 2020

		2021		2020 *(combined - note 1)*
Assets				
Current assets:				
Cash and cash equivalents	$	2,040,744	$	746,091
Restricted cash (note 3)		87,312		294,016
Investments (note 4)		3,166,527		1,114,264
Investment in subsidiary (note 18)		–		229,606
Accounts receivable (note 12)		1,027,793		358,527
Government remittances recoverable		53,985		36,675
Inventory		30,475		2,903
Prepaid expenses and deposits		202,085		312,352
		6,608,921		3,094,434
Tangible capital assets (note 5)		3,692,873		5,160,328
	$	10,301,794	$	8,254,762
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities (note 6)	$	2,898,167	$	1,554,266
Deferred contributions – program advances (note 7)		1,532,622		648,977
Current portion of capital lease obligation (note 10)		81,755		81,755
Current portion of loans (note 9)		24,312		38,134
		4,536,856		2,323,132
Capital lease obligations (note 10)		137,280		219,035
Loans (note 9)		679,922		709,979
Long term accrued liabilities		152,735		154,867
Deferred donations related to tangible capital assets (note 8)		1,929,740		2,583,810
		7,436,533		5,990,823
Net assets:				
Unrestricted		2,865,261		2,263,939
Guarantee (note 9)				
Subsequent event (note 21)				
	$	10,301,794	$	8,254,762

See accompanying notes to the financial statements.

On behalf of the Board:

K Batty _______________ Director

L. Sorochan _______________ Director

TRELLIS SOCIETY FOR COMMUNITY IMPACT

Statement of Revenues and Expenses

Year ended March 31, 2021, with combined comparative information for 2020

	2021	2020 *(combined - note 1)*
Revenues:		
Core Funding:		
Federal government	$ 398,238	$ 583,189
Provincial government	12,301,612	13,444,039
Municipal government	2,797,738	2,731,125
United Way	3,156,564	3,581,645
Calgary Homeless Foundation	4,501,291	3,714,967
Self-Generated Funding		
Donations (notes 11, 16)	2,959,963	4,360,512
Program revenue	1,255,137	1,173,383
Administrative revenue (note 12)	4,986,173	980,104
Pandemic relief Funding	1,271,746	723
BGCC Foundation support (note 16)	457,360	1,230,800
Investment income (expense) (note 18)	(364,417)	(86,477)
	33,721,405	31,714,010
Expenses:		
Clubs	2,888,323	2,813,229
Community based care	12,346,973	12,025,962
Education and employment	3,173,405	3,090,899
Housing	7,897,416	7,692,089
Administrative support	6,813,966	6,601,379
	33,120,083	32,223,558
Excess (deficiency) of revenues over expenses	$ 601,322	$ (509,548)

See accompanying notes to financial statements.

TRELLIS SOCIETY FOR COMMUNITY IMPACT
Statement of Changes in Net Assets

Year ended March 31, 2021, with comparative information for 2020

	2021	2020 *(combined - note 1)*
Balance, beginning of year	$ 2,263,939	$ 2,785,737
Excess (deficiency) of revenues over expenses	601,322	(509,548)
Endowment contribution received	78,644	1,000
Endowment contribution disbursed	(78,644)	(13,250)
Balance, end of year	$ 2,865,261	$ 2,263,939

See accompanying notes to financial statements.

TRELLIS SOCIETY FOR COMMUNITY IMPACT

Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020 *(combined - note 1)*
Cash and cash equivalents provided by (used in) the following activities:		
Operating:		
Excess (deficiency) of revenues over expenses	$ 601,322	$ (509,548)
Items not affecting cash:		
Amortization of deferred donations related to tangible capital assets	(230,835)	(417,595)
Write-down of deferred donations related to tangible capital assets	(614,368)	(777,248)
Change in unrealized loss (gain) on investments	(68)	(1,123)
Amortization of tangible capital assets	538,903	651,518
Loss on investment	229,606	86,477
Loss on asset disposal	326,850	102,443
Impairment loss	628,614	–
	1,480,024	(865,076)
Changes in non-cash working capital:		
Accounts receivable	(669,266)	(17,907)
Government remittances recoverable	(17,310)	(6,695)
Inventory	(27,572)	36,597
Prepaid expenses and deposits	110,267	77,488
Accounts payable and accrued liabilities	1,343,901	58,531
Deferred contributions – program advances	883,645	(52,827)
	3,103,689	(769,889)
Financing:		
Loan proceeds	–	553,986
Repayment of loans	(46,011)	(18,410)
Repayment of capital lease obligations	(81,755)	(81,755)
Donations received related to tangible capital assets	191,133	278,871
	63,367	732,692
Investing:		
Proceeds from sale of investments	1,114,247	3,497,408
Purchases of investments	(3,166,442)	(2,729,158)
Change in long term balance due to B4K	–	(41,667)
Purchase of tangible capital assets	(26,912)	(2,109,597)
Proceeds from sale of tangible capital assets	–	1,965,630
	(2,079,107)	582,616
Net Increase in cash and cash equivalents	1,087,949	545,419
Cash and cash equivalents, beginning of year	1,040,107	494,688
Cash and cash equivalents, end of year	$ 2,128,056	$ 1,040,107
Cash and cash equivalents is comprised of:		
Cash and cash equivalents	$ 2,040,744	$ 746,091
Restricted cash	87,312	294,016
	$ 2,128,056	$ 1,040,107

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. Amalgamation of Boys and Girls Clubs of Calgary and Aspen Family & Community Network Society and the impact of accounting policy alignment:

On June 15, 2020, Boys and Girls Clubs of Calgary ("BGCC") and Aspen Family & Community Network Society ("Aspen") amalgamated to increase operational efficiencies and further the impact of both organizations on children and youth in Calgary. The amalgamated entity adopted the name Trellis Society for Community Impact. This amalgamation has allowed the new Entity to accelerate the impact of donor dollars and government funding as it relates to the organization's mission.

Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO), do not include guidance on combinations of not-for-profit organizations. In this situation ASNPO requires management to choose and consistently apply an accounting policy from a source that:

- deals with the specific circumstances relevant to the entity;
- has authority to issue accounting standards in its own jurisdiction;
- is relevant to the nature and timing of the events; and
- has been developed after extensive consultation and debate.

After a thorough analysis of accounting policy options, management has chosen to follow guidance in the Exposure Draft of ASNPO *Section 4449 Combinations by not-for-profit organizations*, issued in January 2020 by the Canadian Accounting Standards Board. Specifically, the Society has applied guidance in paragraphs 4449.07 to 4449.20. Under this guidance the amalgamation of BGCC and Aspen meets the definition of a merger and merger accounting has been applied in these financial statements.

The results for the year ended March 31, 2021 are those of the amalgamated entity as if they have always been combined. The prior year comparative figures show the aggregated results for the two entities when they were operating independently. There were no adjustments to the comparative figures as a result of aligning the accounting policies of the two entities.

2. 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.

(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
Camp equipment	10 years
Appliances	10 years

2. Significant accounting policies (continued):

(d) Tangible capital assets (continued):

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.

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.

2. Significant accounting policies (continued):

(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.

(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.

2. Significant accounting policies (continued):

(i) Use of estimates (continued):

The uncertainties around the outbreak of COVID-19 pandemic required the use of judgments and estimates which resulted in no material impacts for the year ended March 31, 2021. The future impact of COVID-19 uncertainties could generate, in future reporting periods, a risk of material adjustment to the reported amounts of assets, liabilities, revenue and expenses in the financial statements.

While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. The Entity is unclear if this disruption will negatively impact its future operating results. The related financial impact and duration cannot be reasonably estimated at this time. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported on the statement of operations in the periods in which they become known. Consequently, actual results could differ from those estimates.

(j) Presentation and disclosure of controlled profit-oriented enterprises:

On December 11, 2018, the Entity acquired all of the outstanding common shares of KidzBrainz Child Education Inc. (Bricks 4 Kidz), which is a profit-oriented business with educational objectives similar to those of the Entity. The controlled company has not been consolidated with the Entity in these financial statements. Instead, the Entity accounts for the controlled company using the equity method and discloses financial information about the controlled company as specified in the Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting.

The financial statements include the Entity's share of the profit and equity movements of equity-accounted investees, from the date that significant influence or control commences until the date that significant influence or control ceases. When the Entity's share of losses exceeds the carrying amount of the investment in an equity accounted investee, the carrying amount of that investment is reduced to nil and the recognition of future losses is discontinued except to the extent that the Entity has guaranteed an obligation of the investee or is otherwise committed to provide further financial support to the investee or the investee seems assured of imminently returning to profitability.

2. Significant accounting policies (continued):

(k) 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 organization 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.

3. 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.

4. Investments:

	2021	2020 (combined - note 1)
GICs	$ 3,141,378	$ 1,110,500
Canadian equities	25,149	–
Money market funds	–	3,764
	$ 3,166,527	$ 1,114,264

The range of effective interest rates on the GICs is 0.40% to 1.10% (2020 – 1.10% to 1.80%) per annum. The GICs have maturity dates from January 8, 2022 to March 3, 2022. The Entity recorded a change in an unrealized gain on investments during the year of $68 (2020 – $1,123 unrealized gain).

5. Tangible capital assets:

2021	Cost	Accumulated amortization	Net book value
Buildings and related improvements:			
Pineridge Club	$ 851,322	$ 423,019	$ 428,303
Penbrooke Club	784,448	448,240	336,208
Rankin Hall	1,294,044	629,755	664,289
Camp	776,518	459,662	316,856
Other	2,320,110	1,270,072	1,050,038
Vehicles	621,809	573,063	48,746
Office equipment and furniture	303,759	194,502	109,257
Assets under capital lease	442,751	88,290	354,461
Computer and software	936,602	857,198	79,404
Clubs equipment	126,247	126,247	–
Camp equipment	446,424	427,569	18,855
Appliances	30,265	23,103	7,162
Leasehold building improvements	707,219	427,925	279,294
	$ 9,641,518	$ 5,948,645	$ 3,692,873

5. Tangible capital assets (continued):

2020	Cost	Accumulated amortization	Net book value
Buildings and related improvements:			
Pineridge Club	$ 851,322	$ 394,619	$ 456,703
Penbrooke Club	784,448	422,030	362,418
Forest Lawn Club	562,282	245,592	316,690
Rankin Hall	1,294,044	160,202	1,133,842
Camp	776,518	229,349	547,169
Other	2,314,875	1,171,509	1,143,366
Vehicles	621,809	541,528	80,281
Office equipment and furniture	342,271	151,180	191,091
Assets under capital lease	442,750	44,179	398,571
Computer and software	936,602	740,390	196,212
Clubs equipment	126,247	126,247	–
Camp equipment	446,424	409,079	37,345
Appliances	30,265	21,382	8,883
Leasehold building improvements	679,151	391,394	287,757
	$ 10,209,008	$ 5,048,680	$ 5,160,328

Total amortization expenses recognized for the year was $538,903 (2020 - $651,518). During the year, the Entity recognized $628,614 (2020 – $nil) in impairment loss to write down its building and equipment assets for Camp Adventure in relation to the circumstances described in note 21. During the year, the Entity demolished the building related to the Forest Lawn Club and recognized a loss on disposal of $320,229. These losses are recorded under administrative support expense on the statement of operations.

6. Accounts payable and accrued liabilities:

Government remittances included in accounts payable and accrued liabilities at year end were $93,855 (2020 – $99,770) 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, 2021. Changes in this deferred contribution balance are as follows:

	2021	2020 *(combined - note 1)*
Balance, beginning of year	$ 648,977	$ 701,805
Received during the year	16,971,018	19,740,394
Recognized as revenue during the year	(16,087,373)	(19,793,222)
Balance, end of year	$ 1,532,622	$ 648,977

8. Deferred donations related to tangible capital assets:

	2021	2020 *(combined - note 1)*
Deferred donations related to tangible capital assets:		
Balance, beginning of year	$ 2,583,810	$ 3,499,782
Capital donations received	191,133	278,871
Less: amortization for the year	(230,835)	(417,595)
Disposals and write-downs	(614,368)	(777,248)
Balance, end of year	$ 1,929,740	$ 2,583,810

9. Loans:

		2021		2020 *(combined - note 1)*
Royal Bank of Canada demand loan bearing interest at 3.22% (3.22% in 2020) per annum, repayable in monthly blended payment of $448, secured by property with a net book value of $20,437 (2020 - $20,437) due October 26, 2020.	$	–	$	3,104
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.		270,588		280,016
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.		270,898		273,970
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.		160,112		168,739
Lease of two printers for 3 years expiring on March 31, 2021 requiring quarterly payments of $ 2,557 plus taxes.		2,636		10,393
		704,234		736,222
Less: current portion		24,312		26,243
	$	679,922	$	709,979

The Entity has two demand operating lines of credit to a maximum of $1,000,000 and $200,000 from Royal Bank Canada (“RBC”) bearing interest at the banks’ prime rate plus 0.75% and prime rate plus 1.3% per annum (2020 – prime rate plus 0.75% and prime rate plus 1.3%). As at March 31, 2021, the outstanding balance on both operating lines was $nil (2020 - $nil).

Total interest paid on loans for the year was $28,966 (2020 - $24,087).

All credit facilities from RBC are secured by a general security agreement on the Entity’s properties as well as a floating charge on land owned by the Entity.

9. Loans (continued):

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, 2021, 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:

2022	$ 24,312
2023	22,572
2024	23,504
2025	24,485
2025	25,621
Thereafter	583,740
	$ 704,234

Boys and Girls Clubs of Calgary Foundation (the ‘Foundation”), a related party by way of common charitable objectives, has a secured Demand Operating Line of Credit from Canadian Imperial Bank of Commerce, of which the Entity is a guarantor. The line of credit has a limit of $2,000,000 bearing interest at the banks’ prime rate plus 0.25% per annum. As at March 31, 2021, the outstanding balance of the operating line was $nil.

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, 2021 combined outstanding balance on both leases is $219,035.

The capital lease obligations are secured by the respective assets.

Principal repayments required are as follows:

2022	$ 81,755
2023	81,755
2024	55,525
	219,035
Less: current portion	81,755
	$ 137,280

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11. Gifts in kind:

Included in donations and other income is $50,624 (2020 - $54,613) of gifts in kind.

12. Government Assistance:

The Government of Canada created the Canada Emergency Wage Subsidy ("CEWS") to provide wage assistance to companies who experienced a drop in revenues resulting from the COVID-19 outbreak. During the year, the Entity met the eligibility requirements for total relief of $2,828,876 (2020 - nil), which has been recognized in administrative revenue on the statement of revenues and expenses for the year ended March 31, 2021. Of the amount recognized, $564,222 remains in accounts receivable (2020 – $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. The treatment of funded surpluses for the year ended March 31, 2021 has not yet been determined.

14. Charitable Fund-raising Act and Regulations compliance:

Section 8 of the Charitable Fund-raising Act and Sections 6(2) and 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 $481,365 (2020 – $304,303). Total expenses incurred for the purpose of soliciting contributions were $159,891 (2020 – $856,115).

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 Boys' & Girls' Clubs of Calgary Foundation ("Foundation"), which is related to the Entity by way of common charitable objectives:

The Entity leases group homes from the Foundation for which rental payments of $745,050 (2020 - $572,800) were paid during the year. Also during the year, the Entity received a $50,000 (2020 - $500,000) donation from the Foundation and $457,360 (2020 - $460,800) rental support payments, of which $nil (2018 - $nil) is included in accounts receivable at year-end. The $50,000 donation is considered Splash Event fundraising and is reflected in the donations revenue. The $457,360 rental support payments above are shown as BGCC Foundation Support revenue. The Entity paid $1,400,000 (2020 - $nil) to the Foundation during the year and is recorded in administrative support expenses.

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 reputable funders and donors with no history of non-payment.

17. Financial instruments (continued):

(e) Interest rate risk:

Interest rate risk reflects the sensitivity of the Entity's financial results and operations to movements in interest rates. The Royal Bank of Canada operating line is subject to changes in the prime interest rate. As a result, the Entity is exposed to changes in interest rates. Increases or decreases in these rates could affect the Entity's revenues over expenses.

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 except for the events identified in note 20.

18. KidzBrainz Child Education Inc. (B4K):

Effective December 11, 2018, Trellis Society for Community Impact acquired all of the outstanding common shares of B4K for a total purchase price of $280,000. Management elected to account for this transaction using the equity method of accounting and for that purpose, the financial accounts of B4K have not been consolidated into the Entity’s financial statements. The accounting policies between B4K and the Entity does not warrant significant differences.

The Entity’s proportionate share of income for the year was a loss of $78,904 (2020 - $93,373 loss). Financial summaries of B4K as at March 31, 2021 and for the year then ended are as follows:

Statement of Financial Position:

	2021	2020
Total assets	$ 45,341	$ 63,860
Total liabilities	142,083	72,763
Total net deficit	$ (96,742)	$ (8,903)

18. KidzBrainz Child Education Inc. (B4K) (continued):

Statement of Revenues and Expenses:

	2021	2020
Total revenue	$ 33,822	$ 193,952
Total cost of sales	343	2,425
Total other expenses	112,383	284,900
Deficiency of revenue over expenses	$ (78,904)	$ (93,373)

Statement of Cash Flows:

	2021	2020
Increase (decrease) in cash flows from operating activities	$ 10,613	$ (69,329)

On March 9, 2021, the Entity signed a franchise settlement agreement with BFK Franchise Company (“BFK) as part of the process to wind up B4K. The agreement ended the original franchise agreement which was originally effective until October 2021. Wind up of B4K is expected to be completed during the 2021/2022 fiscal year. As a result of this decision, management has written down the investment in B4K to $nil and recognized an impairment loss of $150,702 as at March 31, 2021.

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:

2022	$ 1,041,640
2023	945,018
2024	962,929
2025	545,782
2026	151,590
Thereafter	510,003

20. COVID-19 Pandemic:

On March 11, 2020, the World Health Organization declared the Novel Coronavirus (COVID-19) outbreak a pandemic. This has resulted in governments worldwide, including the Canadian and Alberta governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods, closures of non-essential businesses, and physical distancing, have caused material disruption to businesses in Calgary, resulting in an economic slowdown.

The ultimate duration and magnitude of the impact on the economy and the financial effect on the Entity's future revenues, operating results and overall financial performance is not known at this time; These impacts may include challenges on the Entity's ability to obtain funding, and disruptions to its operations, employee impacts from illness, school closures and other response measures.

As at the reporting date, the Entity has determined that COVID-19 has had no impact on its contracts or lease agreements, the assessment of provisions and contingent liabilities, or the timing of revenue recognition. Management has assessed the financial impacts of the COVID-19 pandemic and did not identify any negative impacts on its financial statements as at March 31, 2021.

The Entity continues to manage liquidity risk by forecasting and assessing cash flow requirements on an ongoing basis. As at March 31, 2021, the Entity continues to meet its contractual obligations within normal payment terms and the Entity's exposure to credit risk remains largely unchanged.

21. Subsequent event:

Subsequent to year end, the Entity entered into a lease agreement with Connect Charter School Society ("CCSS") where the Entity leased out its building and equipment assets related to Camp Adventure. The lease met the criteria under Canadian Accounting Standards for Private Enterprises ("ASPE") *Section 3065 Leases* for sales type lease from the lessor's perspective, and as such, was accounted for accordingly. The estimated total proceeds from the lease was $1,000,000, while the total net book values of the lease assets were $1,628,614. As a result, the Entity recognized an impairment loss on the above assets for the amount of $628,614 as at March 31, 2021.

22. Comparative information

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