

**CENTRAL ALBERTA'S SAFE  
HARBOUR SOCIETY FOR HEALTH  
AND HOUSING**

**Independent Auditor's Report and  
Financial Statements**

**March 31, 2023**



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## INDEPENDENT AUDITOR'S REPORT

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### To the Directors of Central Alberta's Safe Harbour Society for Health and Housing

#### *Qualified Opinion*

We have audited the financial statements of Central Alberta's Safe Harbour Society for Health and Housing (the "Society"), which comprise the statement of financial position as at March 31, 2023, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2023 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

#### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Society derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenues over expenditures, and cash flows from operations for the years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at April 1 and March 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

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 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 qualified opinion.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.



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## INDEPENDENT AUDITOR'S REPORT, continued

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In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

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

### *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 Society's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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## INDEPENDENT AUDITOR'S REPORT, continued

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- ◆ 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.

Red Deer County, Alberta

June 22, 2023

*RSM Canada LLP*

Chartered Professional Accountants

# **CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING**

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**March 31, 2023**

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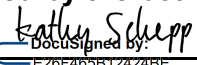

# CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

## Statement of Financial Position As at March 31, 2023

	2023	2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash (note 3)	\$ 1,116,728	\$ 2,363,180
Accounts receivable	81,748	117,583
Goods and Services Tax receivable	33,430	14,062
Prepaid expenses	<u>33,720</u>	<u>27,682</u>
	1,265,626	2,522,507
<b>Long term investments (note 4)</b>	<b>1,000,000</b>	-
<b>Tangible capital assets (note 5)</b>	<b><u>1,442,098</u></b>	<b><u>1,405,080</u></b>
	<b><u>\$ 3,707,724</u></b>	<b><u>\$ 3,927,587</u></b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accruals (note 6)	\$ 173,678	\$ 85,930
Salaries and benefits payable	194,096	191,300
Deferred contributions (note 7)	<u>522,617</u>	<u>893,296</u>
	890,391	1,170,526
<b>Unamortized deferred capital contributions (note 8)</b>	<b><u>743,457</u></b>	<b><u>783,211</u></b>
	<b><u>1,633,848</u></b>	<b><u>1,953,737</u></b>
<b>NET ASSETS</b>		
<b>Unrestricted</b>	<b>1,375,236</b>	<b>1,351,981</b>
<b>Invested in tangible capital assets</b>	<b><u>698,640</u></b>	<b><u>621,869</u></b>
	<b><u>2,073,876</u></b>	<b><u>1,973,850</u></b>
	<b><u>\$ 3,707,724</u></b>	<b><u>\$ 3,927,587</u></b>

### Commitments (note 9)

Approved by the board:

 <small>DocuSigned by: E26F465B72424BE...</small>	<b>Director</b>
 <small>EC06875B438E45B...</small>	<b>Director</b>

See accompanying notes

# CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

## Statement of Changes in Net Assets Year ended March 31, 2023

	Unrestricted	Invested in Tangible Capital Assets	Total 2023	Total 2022
<b>Balance, beginning of year</b>	\$ 1,351,981	\$ 621,869	<b>\$ 1,973,850</b>	\$ 1,802,427
Excess (deficiency) of revenues over expenditures	133,826	(33,800)	<b>100,026</b>	171,423
Capital contribution for repayment of debt	-	-	-	(204,797)
Purchase of tangible capital assets	(110,571)	110,571	-	-
Disposal of tangible capital assets	-	-	-	<u>204,797</u>
<b>Balance, end of year</b>	<b><u>\$ 1,375,236</u></b>	<b><u>\$ 698,640</u></b>	<b><u>\$ 2,073,876</u></b>	<b><u>\$ 1,973,850</u></b>

See accompanying notes

# CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

## Statement of Operations Year ended March 31, 2023

	2023	2022
<b>Revenues</b>		
Government grants	\$ 5,441,664	\$ 5,306,327
Community grants	111,759	176,734
Donations	94,277	125,232
Wellbriety conference	89,893	-
Rental	<u>25,200</u>	<u>25,200</u>
	<b>5,762,793</b>	5,633,493
<b>Expenditures (page 13)</b>	<b><u>5,643,702</u></b>	<b><u>5,454,515</u></b>
<b>Excess of revenues over expenditures before following items</b>	<b><u>119,091</u></b>	<b><u>178,978</u></b>
<b>Other income (expenditures)</b>		
Amortization of deferred capital contributions	39,753	31,130
Net investment income	14,735	22,067
COVID wage subsidy	-	1,838
Loss on disposal of tangible capital assets	-	(1,243)
Amortization	<u>(73,553)</u>	<u>(61,347)</u>
	<b><u>(19,065)</u></b>	<b><u>(7,555)</u></b>
<b>Excess of revenues over expenditures</b>	<b><u>\$ 100,026</u></b>	<b><u>\$ 171,423</u></b>

See accompanying notes



# CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

## Statement of Cash Flows Year ended March 31, 2023

	2023	2022
<b>CASH PROVIDED BY (USED FOR)</b>		
<b>Operating activities</b>		
Cash receipts from grants, donations and other	\$ 5,442,263	\$ 6,383,118
Cash paid to suppliers and employees	(5,574,971)	(5,525,989)
Interest paid	<u>(3,173)</u>	<u>(3,344)</u>
	<u>(135,881)</u>	<u>853,785</u>
<b>Investing activities</b>		
Purchase of long term investments	(1,000,000)	-
Purchase of tangible capital assets	(110,571)	(8,932)
Proceeds on maturity of investments	<u>-</u>	<u>686,856</u>
	<u>(1,110,571)</u>	<u>677,924</u>
<b>Financing activities</b>		
Repayment of callable debt	-	(17,943)
Capital contributions received	<u>-</u>	<u>61,000</u>
	<u>-</u>	<u>43,057</u>
<b>Increase (decrease) in cash</b>	<b>(1,246,452)</b>	<b>1,574,766</b>
<b>Cash, beginning of year</b>	<b><u>2,363,180</u></b>	<b><u>788,414</u></b>
<b>Cash, end of year</b>	<b><u>\$ 1,116,728</u></b>	<b><u>\$ 2,363,180</u></b>

See accompanying notes

# CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

## Notes to the Financial Statements March 31, 2023

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### 1. Nature of Operations and Economic Dependence

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Central Alberta's Safe Harbour Society for Health and Housing (the "Society") is a not-for-profit organization with the objective to welcome, shelter and support people with addictions, mental health or housing needs by facilitating opportunities for change.

The Society is incorporated under the Societies Act of Alberta and is a registered charity under the Income Tax Act and is therefore exempt from income tax in accordance with Section 149 of the Income Tax Act.

The Society receives 83% (2022 - 79%) of its funding from the Government of Alberta. If this funding was not received, its operations would be significantly reduced.

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### 2. Significant Accounting Policies

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

#### **Measurement uncertainty**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires 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 period. Areas requiring the use of estimates include: estimated useful lives of tangible capital assets, amortization of deferred capital contributions and allocation of program expenses. Actual results may differ from management's best estimates as additional information becomes available in the future.

#### **Cash and cash equivalents**

Cash equivalents include short term investments with maturities of less than three months at acquisition.

#### **Investments**

Investments include Guaranteed Investment Certificates recorded at original cost plus accrued interest.

# CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

Notes to the Financial Statements  
March 31, 2023

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## 2. Significant Accounting Policies, continued

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### Tangible capital assets

Purchased tangible capital assets are recorded at cost. Capital grants are deferred and amortized to revenue at the same rate as the amortization of the tangible capital asset acquired with the funds.

Amortization of tangible capital assets is calculated using the following rates and methods:

Buildings	4% Declining balance
Vehicles	30% Declining balance
Furniture and fixtures	20% Declining balance
Computer equipment	30% Declining balance
Leasehold improvements	3 years Straight-line

Amortization of leasehold improvements is recorded on a straight line basis over the remaining term of the lease.

A half year of amortization is calculated in the year of acquisition. No amortization is calculated in the year of disposition.

When conditions indicate a tangible capital asset is impaired, the carrying value of the tangible capital asset is written down to the asset's fair value or replacement cost. The write down of the tangible capital asset is recorded as an expense in the statement of operations. A write-down shall not be reversed.

# CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

Notes to the Financial Statements  
March 31, 2023

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## 2. Significant Accounting Policies, continued

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### Financial instruments

#### *Measurement*

Financial instruments are financial assets or liabilities of the Society where, in general, the Society has the right to receive cash or another financial asset from another party or the Foundation has the obligation to pay another party cash or other financial assets.

The Society initially measures its financial assets and liabilities at fair value.

The Society subsequently measures its financial assets and liabilities at amortized cost. Transaction costs are expensed when incurred.

Financial assets measured at amortized cost include cash, accounts receivable and long term investments.

Financial liabilities measured at amortized cost include accounts payable and accruals and salaries and benefits payable.

#### *Impairment*

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is not greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in operations.

### Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if it can be reasonably estimated and collection is reasonably assured.

The Society recognizes rental revenue in the month that the rent becomes due in accordance with the lease agreements. Net investment income is recognized as revenue when earned. The Society recognizes conference registrations when the conference occurs.

# CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

Notes to the Financial Statements  
March 31, 2023

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## 2. Significant Accounting Policies, continued

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### Contributed goods and services

The Society benefits from contributed goods and services in the form of volunteer time to assist the Society in carrying out its activities. Due to the difficulty in determining the fair value of this time, the contributed services are not recognized in the financial statements.

Donations in kind of goods and services which would otherwise be purchased are recognized in the financial statements when an approximation of fair value can be obtained and the goods or services are received.

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## 3. Cash

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Included in cash is a savings account in the amount of \$286,260 (2022 - \$1,273,530) which bears interest at variable monthly rates with an effective rate of 1.90% throughout the year (2022 - 0.55%). The remaining cash balance is held within a cash chequing account which bears interest at variable monthly rates with an effective rate of 0.15% throughout the year (2022 - 0.15%).

The Society receives grants specified for various programs. Included in cash is \$523,621 (2022 - \$893,296) of undisbursed funds that are subject to the restrictions as disclosed in Note 7.

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## 4. Long Term Investments

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Long term investments consists of guaranteed investment certificates which mature between August 2023 to February 2024 and earn interest at a fixed rate between 4.00-4.10% per annum. Management intends to reinvest these funds on maturity and use the funds for long-term planning purposes. Therefore, the investments are presented as long-term.

# CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

Notes to the Financial Statements  
March 31, 2023

## 5. Tangible Capital Assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2023 Net</u>	<u>2022 Net</u>
Land	\$ 242,712	\$ -	\$ 242,712	\$ 242,712
Buildings	1,962,595	899,762	1,062,833	1,107,118
Leasehold improvements	76,205	12,701	63,504	-
Furniture and fixtures	271,669	219,875	51,794	41,129
Computer equipment	131,354	113,129	18,225	9,793
Vehicles	13,514	10,484	3,030	4,328
	<u>\$ 2,698,049</u>	<u>\$ 1,255,951</u>	<u>\$ 1,442,098</u>	<u>\$ 1,405,080</u>

## 6. Accounts Payable and Accruals

Included in accounts payable and accruals is \$48,873 (2022 - Nil) payable to the Receiver General for payroll remittances.

# CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

## Notes to the Financial Statements March 31, 2023

### 7. Deferred Contributions

Deferred contributions consist of funding received that applies to the future operations of the Society. The contributions have been externally restricted by the funder for the purpose of funding a specific project.

	Balance, beginning of year	Contributions Received	Contributions Recognized as Revenue	Surplus repaid	Balance, end of year
Coordinated					
Entry	\$ 13,771	\$ 312,764	\$ (301,452)	\$ -	\$ 25,083
Shelter	600,204	1,617,574	(1,908,713)	-	309,065
Many Healing					
Blankets	38,462	238,746	(269,068)	-	8,140
Restricted					
donations	4,667	-	(4,667)	-	-
Social					
Diversion	9,397	355,563	(364,960)	-	-
Mats/Detox	53,201	1,774,722	(1,767,422)	(8,617)	51,884
Shelter					
Diversion	127,486	62,851	(96,711)	-	93,626
Wellbriety					
Conference	37,961	-	(37,961)	-	-
Nurse	-	341,561	(316,524)	-	25,037
Outreach	-	150,000	(140,218)	-	9,782
Wellbriety	8,147	-	(8,147)	-	-
Private Donor	-	42,000	(42,000)	-	-
	<u>\$ 893,296</u>	<u>\$ 4,895,781</u>	<u>\$(5,257,843)</u>	<u>\$ (8,617)</u>	<u>\$ 522,617</u>

Under the terms of the agreements with the funders, if a surplus has arisen on funds received, or has not been used according to the agreement, the Society shall be required to repay part or all of the annual surplus or it may be retained and utilized as the funders direct. Thus the Society's retention of such funds is contingent upon approval from the funders. It is management's opinion that the Society has complied with the terms of the agreements and will not be requested to repay the surplus balances above.

# CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

Notes to the Financial Statements  
March 31, 2023

## 8. Unamortized Deferred Capital Contributions

Unamortized deferred capital contributions represent the funded portion of tangible capital assets which will be recognized as income on the same basis as the assets are amortized over their useful life. Changes in the unamortized deferred capital contribution balance are as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 783,211	\$ 753,341
Amount recognized to revenue	(39,753)	(31,130)
Received for Shelter renovations	-	61,000
	<u>\$ 743,457</u>	<u>\$ 783,211</u>

## 9. Commitments

The Society is committed to the payment of monthly security fees, based on a calculation utilizing hourly rates and time worked. This commitment expires on March 31, 2024, and shall be automatically renewed for additional one year terms until termination.

The Society has entered into a lease commitment expiring February 2024 for premises with monthly payments of \$18,391 which consists of base rent and admin fees. The Society is also required to pay their portion of common area costs over the term of the lease. The current rate is \$6,920 per month.

The Society has entered into various automotive leases expiring between January 2024 and October 2024, which require monthly payments ranging from \$564 to \$612.

Future minimum lease payments at year end are as follows:

2024	\$ 214,576
2025	<u>3,384</u>
	<u>\$ 217,960</u>



# **CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING**

## **Notes to the Financial Statements**

**March 31, 2023**

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### **10. Financial Instruments**

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The Society's financial instruments consist of cash, accounts receivable, long term investments, accounts payable and accruals, and salaries and benefits payable. It is management's opinion that the Society is not exposed to significant interest, currency, liquidity or market risk arising from these financial instruments except as follows:

#### **Interest rate risk**

The Society is exposed to interest rate price risk as long term investments bear interest at fixed interest rates.

# CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

## Schedule of Expenditures Year ended March 31, 2023

	2023	2022
Salaries and benefits	<b>\$ 4,100,526</b>	\$ 3,981,594
Rent	<b>303,564</b>	305,511
Program materials	<b>255,041</b>	135,401
Security	<b>243,490</b>	395,905
Repairs and maintenance	<b>157,758</b>	111,298
Utilities	<b>99,325</b>	115,087
Food and household	<b>78,324</b>	71,535
Wellbriety conference	<b>66,537</b>	-
Marketing and community relations	<b>49,069</b>	94,861
Honorariums	<b>47,600</b>	58,750
Computer support	<b>42,671</b>	19,843
Insurance	<b>34,646</b>	33,548
Vehicle lease	<b>32,972</b>	40,440
Special events	<b>29,662</b>	1,206
Telephone	<b>19,979</b>	20,626
Office	<b>18,228</b>	20,603
Professional fees	<b>13,770</b>	18,463
Travel and automotive	<b>13,483</b>	5,292
Training	<b>12,679</b>	8,685
Meetings and conventions	<b>8,629</b>	3,311
Accreditation	<b>6,375</b>	1,040
Wellbriety certification	<b>5,857</b>	7,883
Interest and bank charges	<b>3,173</b>	3,337
Occupational Health and Safety	<b>344</b>	289
Interest on callable debt	<b>-</b>	<b>7</b>
	<b><u>\$ 5,643,702</u></b>	<b><u>\$ 5,454,515</u></b>