CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

Independent Auditor's Report and Financial Statements

March 31, 2017

COLLINS BARROW

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Collins Barrow Red Deer LLP

546 Laura Avenue
Red Deer County, Alberta T4E 0A5
Canada

T 403.342.5541
F 403.347.3766

collinsbarrow.com

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Central Alberta's Safe Harbour Society for Health and Housing, which comprise the statement of financial position as at March 31, 2017, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the organization's preparation and fair presentation of the financial statements 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 organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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INDEPENDENT AUDITOR'S REPORT, continued

Basis for Qualified Opinion
Central Alberta's Safe Harbour Society for Health and Housing, as with many charitable organizations, derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues were limited to the amount recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenues over expenditures, assets and net assets.

Qualified Opinion
In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2017 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.

Red Deer County, Alberta

June 28, 2017

Collins Barrow Red Deer LLP

Chartered Professional Accountants

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CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

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CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

Statement of Financial Position
As at March 31, 2017

	2017	2016
ASSETS		
Current assets		
Cash (note 3)	$ 781,066	$ 678,143
Accounts receivable	79,067	2,190
Goods and Services Tax receivable	12,474	16,273
Prepaid expenses	12,074	12,074
	884,681	708,680
Restricted cash (note 3)	39,375	39,375
Capital assets (note 4)	2,538,124	2,643,563
	$ 3,462,180	$ 3,391,618
LIABILITIES		
Current liabilities		
Accounts payable and accruals	$ 46,585	$ 82,906
Salaries and benefits payable	118,726	101,295
Deferred rental revenue and deposits	2,585	3,930
Deferred contributions (note 5)	512,203	289,224
Callable debt (note 6)	299,313	362,910
	979,412	840,265
Unamortized deferred capital contributions (note 7)	1,508,772	1,590,774
	2,488,184	2,431,039
NET ASSETS		
Unrestricted	204,585	231,325
Internally restricted (note 7)	39,375	39,375
Invested in capital assets	730,036	689,879
	973,996	960,579
	$ 3,462,180	$ 3,391,618

Approved by the board:

Director

Director

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CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

Statement of Changes in Net Assets
Year ended March 31, 2017

	Unrestricted	Internally Restricted	Invested in Capital Assets	Total 2017	Total 2016
Balance, beginning of year	$ 231,325	$ 39,375	$ 689,879	**$ 960,579**	$ 915,100
Excess (deficiency) of revenues over expenditures	52,434	-	(39,017)	**13,417**	45,479
Capital contributions	16,462	-	(16,462)	**-**	-
Purchase of capital assets	(18,835)	-	18,835	**-**	-
Repayment of callable debt including interest	(76,801)	-	76,801	**-**	-
Balance, end of year	$ 204,585	$ 39,375	$ 730,036	**$ 973,996**	$ 960,579

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CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

Statement of Operations
Year ended March 31, 2017

	2017	2016
Revenues		
Government grants	**$ 2,857,606**	$ 2,560,040
Community grants	**211,939**	437,412
Donations	**133,697**	132,905
Rental	**111,443**	149,007
	3,314,685	3,279,364
Expenditures		
Salaries and benefits	**2,653,462**	2,647,584
Repairs and maintenance	**159,311**	93,804
Utilities	**84,567**	75,598
Program materials	**68,604**	51,570
Food and household	**67,776**	70,836
Telephone	**46,948**	40,753
Professional fees	**41,660**	45,589
Rent	**33,308**	30,783
Insurance	**21,251**	21,389
Office	**17,301**	14,933
Travel	**15,121**	13,676
Interest on callable debt	**13,204**	21,419
Advertising and promotion	**12,426**	2,190
Computer support	**12,362**	10,784
Special events	**9,832**	11,220
Meetings and conventions	**9,144**	9,778
Automotive	**4,054**	2,939
Equipment lease	**2,768**	2,814
Bad debts	**1,646**	11,819
Interest and bank charges	**1,408**	1,363
Subscriptions, permits and licenses	**870**	1,067
Program development	**-**	5,905
	3,277,023	3,187,813
Excess of revenues over expenditures before following items	**37,662**	91,551
Other income (expenditure)		
Amortization of deferred capital contributions	**98,463**	83,089
Net investment income	**1,568**	1,952
Amortization	**(124,276)**	(131,113)
	(24,245)	(46,072)
Excess of revenues over expenditures	**$ 13,417**	$ 45,479

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CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

Statement of Cash Flows
Year ended March 31, 2017

	2017	2016
CASH PROVIDED BY (USED FOR)		
Operating activities		
Cash receipts from grants, donations and other	**$ 3,464,809**	$ 3,296,941
Cash paid to suppliers and employees	**(3,281,304)**	(3,185,750)
Interest paid	**(14,612)**	(22,782)
	168,893	88,409
Investing activity		
Purchase of capital assets	**(18,835)**	(210,257)
Financing activities		
Repayment of callable debt	**(63,597)**	(55,381)
Capital contributions received	**16,462**	202,225
	(47,135)	146,844
Increase in cash	**102,923**	24,996
Cash, beginning of year	**678,143**	653,147
Cash, end of year	**$ 781,066**	$ 678,143

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1. Nature of Operations

Central Alberta's Safe Harbour Society for Health and Housing 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.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant 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. Significant areas requiring the use of estimates include: allowance for doubtful accounts, estimated useful lives of capital assets, amortization of capital contributions, allocation of program expenses and calculation of deferred revenue. Actual results may differ from management's best estimates as additional information becomes available in the future.

2. Significant Accounting Policies, continued

Cash and cash equivalents

Cash equivalents exclude amounts designated as internally restricted to fund certain net asset balances.

Capital assets

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

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

Buildings	4% Declining balance
Winter Warming trailers	10 years Straight-line
Furniture and fixtures	20% Declining balance
Computer equipment	30% Declining balance
Vehicles	30% Declining balance

Amortization of leasehold improvements is recorded on a straight line basis over 5 - 10 years.

One half amortization is calculated in the year of acquisition except for Winter Warming trailers which have a full year of amortization calculated in the year of acquisition. No amortization is calculated in the year of disposition.

Financial instruments

The Society measures its financial instruments initially at fair value and subsequently measure them at amortized cost.

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.

2. Significant Accounting Policies, continued

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 are recognized in the financial statements when an approximation of fair value can be obtained when the goods or services are received.

3. Cash

Included in cash is a savings account in the amount of $58,293 (2016 - $58,067) which bears interest at variable monthly rates with an effective rate of 0.5% throughout the year (2016 - 1%).

The Society receives grants specified for various programs. Included in cash is $512,203 (2016 - $289,224) of undisbursed funds that are subject to the restrictions as disclosed in Note 5.

Certain cash has been restricted by the Board to be used for internally restricted net assets and as such, has been classified as long-term. Internally restricted funds are subject to the restrictions disclosed in Note 7.

4. Capital Assets

	Cost	Accumulated Amortization	2017 Net	2016 Net
Land	$ 442,712	$ -	$ 442,712	$ 442,712
Buildings	2,710,470	889,482	1,820,988	1,896,862
Leasehold improvements	303,787	267,906	35,881	41,807
Winter Warming trailers	202,341	40,468	161,873	182,107
Furniture and fixtures	190,117	153,264	36,853	46,066
Computer equipment	104,796	66,962	37,834	31,177
Vehicles	6,800	4,817	1,983	2,832
	$ 3,961,023	$ 1,422,899	$ 2,538,124	$ 2,643,563

5. 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.

	Opening balance	Contributions Received	Contributions Recognized as Revenue	Ending Balance
Medical Detox	$ -	$ 264,285	$ (808)	$ 263,477
Coordinated Entry	-	330,333	(235,476)	94,857
Mats-Detox	152,794	1,192,997	(1,273,822)	71,969
People's Place	14,124	494,946	(463,108)	45,962
Winter Warming Centre	24,583	177,336	(179,819)	22,100
CIP Funding - Fund Development	32,709	-	(25,104)	7,605
Seaville Family Foundation Donation	44,242	-	(44,242)	-
Day Support	20,772	44,334	(58,873)	6,233
	$ 289,224	$ 2,504,231	$(2,281,252)	$ 512,203

6. Callable Debt

	2017	2016
Mortgage payable in monthly instalments of $6,400 including interest at 3.90%, maturing May 2021. Collateral is provided by a general security agreement over all assets of the Society and a first mortgage over land and building with a net book value of $1,539,154 (2016 - $1,593,173).	**$ 299,313**	$ 362,910

Notwithstanding the demand nature of the loan, the estimated principal repayments are as follows:

2018	$ 67,279
2019	68,975
2020	71,714
2021	74,560
2022	16,785
	$ 299,313

7. Unamortized Deferred Capital Contributions

Unamortized deferred capital contributions represent the funded portion of 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:

	2017	2016
Balance, beginning of year	**$ 1,590,773**	$ 1,471,638
Current year contributions	**16,462**	202,225
Amount recognized to revenue	**(98,463)**	(83,089)
	$ 1,508,772	$ 1,590,774

8. Internally Restricted

The Board of Directors has set aside $14,375 (2016 - $14,375) of net assets as a capital replacement reserve fund and $25,000 (2016 - $25,000) of net assets as a fund development reserve.

These internally restricted amounts are not available for other purposes without approval by the Board of Directors.

9. Commitments

The Society has entered into a lease commitment for office equipment which requires quarterly payments of $675 and expires August 2018.

10. Economic Dependence

The Society receives a substantial portion of its funding from the Government of Alberta. If funding is not received, its operations would be significantly reduced.

11. Financial Instruments

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

Interest rate risk
The Society is exposed to interest rate price risk as callable debt bears interest at a fixed interest rate.

12. Comparative Figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.