

CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING



Independent Auditor's Report
and Financial Statements
March 31, 2021



RSM Alberta LLP
546 Laura Ave
Red Deer County, AB T4E 0A5
T +1403 342 5541
F +1403 347 3766

INDEPENDENT AUDITOR'S REPORT

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, 2021, 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, 2021 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.

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 donation revenue, excess of revenues over expenditures, and cash flows from operations for the years ended March 31, 2021 and 2020, current assets as at March 31, 2021 and 2020, and net assets as at April 1 and March 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended March 31, 2020 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 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.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

INDEPENDENT AUDITOR'S REPORT, continued

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.

INDEPENDENT AUDITOR'S REPORT, continued

- 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 24, 2021

RSM Alberta LLP

Chartered Professional Accountants

CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

Contents
March 31, 2021

Financial Statements	Page
Statement of Financial Position	1
Statement of Changes in Net Assets	2
Statement of Operations	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 12



CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

Statement of Financial Position As at March 31, 2021

	2021	2020
ASSETS		
Current assets		
Cash (note 3)	\$ 788,414	\$ 738,204
Accounts receivable	178,204	56,557
Goods and Services Tax receivable	18,196	12,745
Prepaid expenses	<u>17,682</u>	<u>24,002</u>
	1,002,496	831,508
Long term investments (note 4)	682,235	476,500
Tangible capital assets (note 5)	<u>1,458,738</u>	<u>1,809,542</u>
	<u>\$ 3,143,469</u>	<u>\$ 3,117,550</u>
LIABILITIES		
Current liabilities		
Accounts payable and accruals	\$ 124,486	\$ 94,443
Salaries and benefits payable	223,447	183,028
Deferred contributions (note 6)	221,825	206,241
Callable debt (note 7)	<u>17,943</u>	<u>92,444</u>
	587,701	576,156
Unamortized deferred capital contributions (note 8)	<u>753,341</u>	<u>1,082,567</u>
	<u>1,341,042</u>	<u>1,658,723</u>
NET ASSETS		
Unrestricted	1,114,973	824,296
Invested in tangible capital assets	<u>687,454</u>	<u>634,531</u>
	<u>1,802,427</u>	<u>1,458,827</u>
	<u>\$ 3,143,469</u>	<u>\$ 3,117,550</u>

Commitments (note 9)
Subsequent event (note 12)

Approved by the board:

<small>DocuSigned by:</small>  <small>F90027401F65F4C3...</small>	Director
<small>DocuSigned by:</small>  <small>039028170031436...</small>	Director

See accompanying notes

CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

Statement of Changes in Net Assets Year ended March 31, 2021

	Unrestricted	Invested in Tangible Capital Assets	Total 2021	Total 2020
Balance, beginning of year	\$ 824,296	\$ 634,531	\$ 1,458,827	\$ 1,064,284
Excess of revenues over expenditures	175,031	168,569	343,600	394,543
Purchase of tangible capital assets	(12,351)	12,351	-	-
Disposal of tangible capital assets	204,797	(204,797)	-	-
Repayment of callable debt including interest	<u>(76,800)</u>	<u>76,800</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 1,114,973</u>	<u>\$ 687,454</u>	<u>\$ 1,802,427</u>	<u>\$ 1,458,827</u>

See accompanying notes

CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

Statement of Operations Year ended March 31, 2021

	2021	2020
Revenues		
Government grants	\$ 5,405,544	\$ 4,528,871
Community grants	145,536	75,116
Donations	121,600	96,183
Rental	25,200	37,270
	<u>5,697,880</u>	<u>4,737,440</u>
Expenditures		
Salaries and benefits	4,010,632	3,452,813
Security	540,911	520,538
Rent	303,105	-
Repairs and maintenance	143,324	233,096
Program materials	138,434	85,089
Utilities	91,187	66,841
Honorariums	63,150	56,450
Food and household	55,351	60,024
Advertising and promotion	54,103	3,519
Insurance	32,804	31,510
Equipment lease	27,054	14,368
Telephone	19,527	19,354
Professional fees	18,463	17,425
Computer support	17,966	12,485
Office	17,431	19,086
Accreditation	8,430	-
Wellbriety certification	8,073	-
Training	5,879	17,835
Travel and automotive	3,908	11,078
Interest and bank charges	2,904	2,129
Meetings and conventions	2,405	7,557
Interest on callable debt	2,299	5,149
Special events	1,820	10,671
Occupational Health and Safety	681	7,944
	<u>5,569,841</u>	<u>4,654,961</u>
Excess of revenues over expenditures before following items	<u>128,039</u>	<u>82,479</u>
Other income (expenditure)		
Amortization of deferred capital contributions	228,055	256,062
COVID wage subsidy	27,574	-
Net investment income	17,120	7,643
Gain on sale of tangible capital assets	8,018	145,349
Amortization	(65,206)	(96,990)
	<u>215,561</u>	<u>312,064</u>
Excess of revenues over expenditures	<u>\$ 343,600</u>	<u>\$ 394,543</u>

See accompanying notes

CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

Statement of Cash Flows Year ended March 31, 2021

	2021	2020
CASH PROVIDED BY (USED FOR)		
Operating activities		
Cash receipts from grants, donations and other	\$ 5,633,155	\$ 4,013,636
Cash paid to suppliers and employees	(5,489,952)	(4,587,128)
Interest paid	(5,203)	(7,278)
	<u>138,000</u>	<u>(580,770)</u>
Investing activities		
Purchase of long term investments	(205,735)	(476,500)
Purchase of tangible capital assets	(12,351)	-
Proceeds on disposal of tangible capital assets	204,797	439,496
	<u>(13,289)</u>	<u>(37,004)</u>
Financing activity		
Repayment of callable debt	(74,501)	(71,651)
Increase (decrease) in cash	50,210	(689,425)
Cash, beginning of year	<u>738,204</u>	<u>1,427,629</u>
Cash, end of year	<u>\$ 788,414</u>	<u>\$ 738,204</u>

See accompanying notes

CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

Notes to the Financial Statements

March 31, 2021

1. Nature of Operations

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.

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:

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: estimated useful lives of tangible capital assets, amortization of capital contributions and allocation of program expenses. Actual results may differ from management's best estimates as additional information becomes available in the future.

The impact that the ongoing COVID-19 pandemic may have on the Society's operations is based on management's best assessment of existing and potential government interventions both at a federal and provincial level which will determine if there is any impact on contributions received. Due to the ongoing changes and development with COVID-19, it is not possible to reliably estimate the length and severity of these developments and the impact of the financial results and conditions of the Society in future periods.

Cash and cash equivalents

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

CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

Notes to the Financial Statements
March 31, 2021

2. Significant Accounting Policies, continued

Investments

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

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

A half year of 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.

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 is not reversed.

Financial instruments

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

CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

Notes to the Financial Statements

March 31, 2021

2. Significant Accounting Policies, continued

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.

Government assistance is recognized when the requirements determining eligibility have been met for the period and the amount can be reasonably estimated.

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.

3. Cash

Included in cash is a savings account in the amount of \$570,805 (2020 - \$564,717) which bears interest at variable monthly rates with an effective rate of 0.5% throughout the year (2020 - 0.5%). 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 (2020 - 0.15%).

The Society receives grants specified for various programs. Included in cash is \$221,825 (2020 - \$206,241) of undisbursed funds that are subject to the restrictions as disclosed in note 6.

CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

Notes to the Financial Statements
March 31, 2021

4. Long Term Investments

Long term investments consists of guaranteed investment certificates which mature between August 2021 to December 2021 and earn interest at a fixed rate between 0.68% - 2.15% 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.

5. Tangible Capital Assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2021 Net</u>	<u>2020 Net</u>
Land	\$ 242,712	\$ -	\$ 242,712	\$ 292,712
Buildings	1,962,595	809,348	1,153,247	1,348,078
Winter Warming trailers	-	-	-	101,171
Furniture and fixtures	244,447	201,841	42,606	46,915
Computer equipment	117,978	103,988	13,990	19,986
Vehicles	13,514	7,331	6,183	680
	<u>\$ 2,581,246</u>	<u>\$ 1,122,508</u>	<u>\$ 1,458,738</u>	<u>\$ 1,809,542</u>

During the year, the Society sold land and building with a net book value of \$196,779 for net proceeds of \$204,797.

The Society returned the Winter Warming trailers that were fully funded by the City of Red Deer with a net book value of \$101,171 resulting in a reduction in the unamortized deferred capital contributions for the same amount.

CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

Notes to the Financial Statements
March 31, 2021

6. 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	Balance, end of year
Coordinated Entry Warming Centre/Day Support	\$ 128,937	\$ 500,328	\$ (545,306)	\$ 83,959
Many Healing Blankets	51,193	1,730,868	(1,775,769)	6,292
Restricted donations	20,141	103,746	(82,796)	41,091
Rogers Foundation	5,970	-	(5,970)	-
Social Diversion	-	50,000	(48,520)	1,480
	-	177,782	(88,779)	89,003
	<u>\$ 206,241</u>	<u>\$ 2,562,724</u>	<u>\$(2,547,140)</u>	<u>\$ 221,825</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, 2021

7. Callable Debt

	<u>2021</u>	<u>2020</u>
Mortgage payable in monthly instalments of \$6,400 including interest at 3.90%, maturing June 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 \$1,395,959 (2020 - \$1,444,011).	<u>\$ 17,943</u>	<u>\$ 92,444</u>

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

2022	<u>\$ 17,943</u>
------	------------------

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>2021</u>	<u>2020</u>
Balance, beginning of year	<u>\$ 1,082,567</u>	\$ 1,338,629
Amount recognized to revenue	<u>(228,055)</u>	(256,062)
Return of winter warming trailers (note 5)	<u>(101,171)</u>	-
Balance, end of year	<u>\$ 753,341</u>	<u>\$ 1,082,567</u>

CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

Notes to the Financial Statements

March 31, 2021

9. Commitments

The Society is committed for the payment of monthly security fees, based on a calculation utilizing hourly rates and time worked. This commitment expires on October 1, 2021, and shall be automatically renewed for additional one year terms until termination.

The Society has entered into a lease commitment for premises with monthly payments of \$25,877 which consists of base rent expiring September 2021. The Society is also responsible for additional costs including administration fees and common area fees. Once the lease has ended, the Society is required to find a new premise to rent. If a new building is not found, this could impact their ability to continue offering their shelter services.

The Society has entered into various automotive leases expiring between January 2022 and September 2022, which require monthly payments ranging from \$676 to \$722.

Future minimum lease payments at year end are as follows:

2022	\$ 170,002
2023	<u>4,329</u>
	<u>\$ 174,331</u>

10. Economic Dependence

The Society receives 84% (2020 - 83%) of its funding from the Government of Alberta. If this funding was not received, its operations would be significantly reduced.

CENTRAL ALBERTA'S SAFE HARBOUR SOCIETY FOR HEALTH AND HOUSING

Notes to the Financial Statements

March 31, 2021

11. Financial Instruments

The Society's financial instruments consist of cash, accounts receivable, long term investments, 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 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 and callable debt bear interest at a fixed interest rates.

12. Subsequent Event

Effective September 30, 2021 the Society will no longer have a lease for their shelter program. The Society is actively seeking other viable locations for the service, however if no location is found the Society will discontinue this service and no longer receive grant funding relating to the shelter program.