

STREETS ALIVE FAMILY SUPPORT ASSOCIATION

FINANCIAL STATEMENTS

For the year ended December 31, 2020

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
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December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of
Streets Alive Family Support Association

Qualified Opinion

We have audited the financial statements of Streets Alive Family Support Association, which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other schedules and supplementary information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Streets Alive Family Support Association as at December 31, 2020 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 charitable organizations, Streets Alive Family Support Association receives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. We were therefore unable to obtain sufficient appropriate audit evidence regarding the completeness of these revenues. Consequently we were unable to determine whether any adjustments to donations and fundraising revenue were necessary.

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 Association 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.

Emphasis of Matter

We draw attention to note 12 to the financial statements, which describes the amendments made to the prior year's figures. Our audit opinion is not qualified in respect of this matter.

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

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

In preparing the financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT, continued

Auditor's Responsibilities for the Audit of the Financial Statements

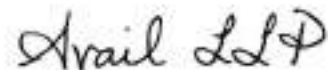
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association'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 Association'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 Association 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.

Lethbridge, Alberta

June 22, 2021



Chartered Professional Accountants

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
STATEMENT OF FINANCIAL POSITION
As at December 31, 2020

	2020	2019 (Restated)
ASSETS		
Current		
Cash	\$ 366,074	\$ 273,538
Accounts receivable	290,747	234,259
Prepaid expenses	9,187	8,038
Funds held in trust (note 3)	281,339	186,252
GST receivable	15,964	6,941
	963,311	709,028
Capital assets (note 4)	1,942,584	1,095,720
	\$ 2,905,895	\$ 1,804,748

LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	\$ 85,948	\$ 30,605
Salaries and benefits payable	16,995	16,996
Deferred revenue (note 5)	57,510	-
Funds held in trust (note 3)	281,339	186,252
Current portion of long-term debt	138,000	138,000
Current portion of callable debt	32,006	28,755
	611,798	400,608
Callable debt (note 6)	83,679	117,230
	695,477	517,838
Long-term debt (note 7)	414,000	552,000
Canada Emergency Business Account (note 8)	40,000	-
Deferred capital contributions (note 9)	40,440	62,600
Unamortized capital contributions (note 10)	958,044	156,717
	2,147,961	1,289,155
Net assets		
Unrestricted	200,393	166,588
Invested in capital assets	432,541	249,005
Reserves (note 11)	125,000	100,000
	757,934	515,593
	\$ 2,905,895	\$ 1,804,748

Approved on behalf of the board:

Director



Director



STREETS ALIVE FAMILY SUPPORT ASSOCIATION
STATEMENT OF OPERATIONS
For the year ended December 31, 2020

	2020 Budget (unaudited)	2020 Actual	2019 Actual
Revenue			
Donations	\$ 991,950	\$ 1,180,522	\$ 1,073,930
Residence fees	518,320	422,271	475,834
Donated goods	-	114,408	31,909
Government funding	56,790	109,429	88,319
Events	117,150	48,463	89,072
Miscellaneous	4,400	5,201	5,014
Contract	1,000	-	325
	<u>1,689,610</u>	<u>1,880,294</u>	<u>1,764,403</u>
Expenses			
Direct client costs (schedule 1)	844,830	955,022	840,013
Administrative (schedule 2)	642,888	637,518	691,966
Facility (schedule 3)	173,010	304,972	172,691
	<u>1,660,728</u>	<u>1,897,512</u>	<u>1,704,670</u>
Excess (deficiency) of revenue over expenses from operations	<u>28,882</u>	<u>(17,218)</u>	<u>59,733</u>
Other revenue			
COVID-19 grants and subsidies	-	309,422	-
Canada Emergency Business Account	-	20,000	-
	<u>-</u>	<u>329,422</u>	<u>-</u>
Excess of revenue over expenses before revenue (expense) relating to capital assets	<u>28,882</u>	<u>312,204</u>	<u>59,733</u>
Revenue (expense) relating to capital assets			
Amortization of capital contributions	-	67,196	16,235
Loss on disposal of capital assets	-	(9,332)	(2,381)
Amortization	-	(127,727)	(44,121)
	<u>-</u>	<u>(69,863)</u>	<u>(30,267)</u>
Excess of revenue over expenses	<u>\$ 28,882</u>	<u>\$ 242,341</u>	<u>\$ 29,466</u>

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
For the year ended December 31, 2020

	Unrestricted	Invested in capital assets	Reserves	Total 2020	Total 2019
Balance, beginning of year					
As previously reported	\$ 71,588	\$ 344,005	\$ 100,000	\$ 515,593	\$ 486,127
Prior period adjustment (note 12)	95,000	(95,000)	-	-	-
As restated	166,588	249,005	100,000	515,593	486,127
Excess of revenue over expenses	242,341	-	-	242,341	29,466
Amortization	127,727	(127,727)	-	-	-
Amortization of capital contributions	(67,196)	67,196	-	-	-
Transfer to reserves	(125,130)	-	125,130	-	-
Purchase of capital assets	(884,292)	984,422	(100,130)	-	-
Proceeds on disposal of capital assets	500	(500)	-	-	-
Capital contributions spent	868,523	(868,523)	-	-	-
Repayment of long-term debt	(138,000)	138,000	-	-	-
Loss on disposal of capital assets	9,332	(9,332)	-	-	-
Balance, end of year	\$ 200,393	\$ 432,541	\$ 125,000	\$ 757,934	\$ 515,593

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
STATEMENT OF CASH FLOWS
For the year ended December 31, 2020

	2020	2019
Cash flows from operating activities		
Excess of revenue over expenses	\$ 242,341	\$ 29,466
Adjustments for items which do not affect cash		
Amortization	127,727	44,121
Loss on disposal of capital assets	9,332	2,381
Amortization of capital contributions	(67,196)	(16,235)
Forgivable portion of Canada Emergency Business Account	(20,000)	-
	292,204	59,733
Change in non-cash working capital items		
Accounts receivable	(56,488)	(103,801)
Prepaid expenses	(1,149)	(3,416)
GST	(9,023)	(3,678)
Accounts payable and accrued liabilities	55,341	(13,167)
Salaries and benefits payable	-	16,996
Deferred revenue	57,510	-
Source deductions payable	-	(12,210)
	338,395	(59,543)
Cash flows from investing activities		
Proceeds on disposal of capital assets	500	-
Purchase of capital assets	(984,422)	(793,709)
	(983,922)	(793,709)
Cash flows from financing activities		
Proceeds of callable debt	-	150,000
Repayment of callable debt	(30,300)	(68,294)
Proceeds of long-term debt	-	690,000
Repayment of long-term debt	(138,000)	-
Proceeds of Canada Emergency Business Account	60,000	-
Capital contributions received	846,363	152,500
	738,063	924,206
Net increase in cash	92,536	70,954
Cash, beginning of year	273,538	202,584
Cash, end of year	\$ 366,074	\$ 273,538

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2020

1. Nature of operations

Streets Alive Family Support Association is a non-profit association which operates recovery houses for both men and women, provides counselling to the homeless and imprisoned, and assists in reincorporating persons who were incarcerated back into society, as well as Sunday programs for children. The association is exempt from income taxes under Section 149(1)(f) 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:

(a) Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures 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. Residence fees and contract revenue are recognized as revenue as services are rendered.

The Association has participated in the Canada Emergency Wage Subsidy and Temporary Wage Subsidy programs under the government's COVID-19 economic response plan. The program payment revenue is recorded in the same period as the related wages were earned when the amounts can be reasonably determined.

(b) Cash and cash equivalents

The Association includes cash on hand and amounts held by financial institutions in operating accounts in the determination of cash and cash equivalents.

(c) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Only capital assets costing more than \$1,000 are recorded in the capital asset account. Amortization is provided for using the following annual rates:

Buildings	4% straight-line
Equipment	20% declining balance
Automotive	20% declining balance
Furniture and fixtures	20% declining balance
Leasehold improvements	20% declining balance
Computer equipment	20% declining balance

(d) Net assets

The Association has chosen to continue to treat net assets invested in capital assets as a separate component of net assets.

(e) Donated goods and property use

The Association utilizes goods and property donated by the public to assist in their operations. The goods and rental properties would be purchased and paid for in the normal course of operations, and are recorded in the financial statements at estimated fair value.

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2020

2. Significant accounting policies, continued

(f) Financial instruments

The Association initially measures its financial assets and liabilities at fair value. The Association subsequently measures all its financial assets and liabilities at amortized cost.

(g) Contributed services

The Association utilizes the services of volunteers in many of its programs. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(h) 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 and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

3. Funds held in trust

	2020	2019
Client trust accounts	\$ 281,339	\$ 186,252

The Association collects funds for numerous clients and disburses the funds as required for the expenses of each client. The Association is strictly managing the funds for others and therefore does not recognize any of the funds received as income to the Association and likewise does not recognize any of the disbursements as expenses.

4. Capital assets

	2020		2019	
	Cost	Accumulated amortization	Net	Net
Land	\$ 309,000	\$ -	\$ 309,000	\$ 309,000
Buildings	1,584,991	208,720	1,376,271	637,918
Equipment	5,460	2,864	2,796	3,667
Automotive	75,337	28,792	46,545	32,895
Furniture and fixtures	70,572	24,356	46,216	13,740
Leasehold improvements	308,129	153,056	155,073	90,144
Computer equipment	17,447	10,764	6,683	8,356
	\$ 2,370,936	\$ 428,352	\$ 1,942,584	\$ 1,095,720

Capital asset additions include \$12,698 for labour/materials that were donated to the Association. These additions have been recorded at their estimated fair value at the time of donation.

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2020

5. Deferred revenue

Deferred revenue represents unspent resources received in the current period that are related to the subsequent period.

	2020	2019
Government of Alberta - Exodus	\$ 57,510	\$ -

6. Callable debt

	2020	2019
ATB Financial		
This loan is repayable at \$3,000 per month including interest at the prime rate plus 1.50%. The loan is due in 2024.	\$ 115,685	\$ 145,985
Repayable within one year	32,006	28,755
	\$ 83,679	\$ 117,230

Security pledged on the above loans is as described in note 12.

Estimated principal repayments based on currently accepted repayment terms are as follows:

2021	\$ 32,006	
2022	33,293	
2023	34,632	
2024	15,754	
	\$ 115,685	

7. Long-term debt

	2020	2019
Private lender		
This unsecured loan is repayable at \$138,000 per year interest-free. The lender has also entered a pledge agreement to make an annual donation in the amount of the loan payment back to the Association. The loan is due in 2024.	\$ 552,000	\$ 690,000
Less current portion	138,000	138,000
	\$ 414,000	\$ 552,000

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2020

7. Long-term debt, continued

Estimated principal repayments are as follows:

2021	\$	138,000
2022		138,000
2023		138,000
2024		138,000
		\$ 552,000

8. Canada Emergency Business Account

	2020	2019
The loan is unsecured and non-interest bearing with no specific terms of repayment until January 2023, at which time the loan will bear interest at 5% and be repayable over three years.	\$ 40,000	\$ -

Total assistance of \$60,000 was received in the year. Repayment of the loan before December 31, 2022 will result in forgiveness of up to \$20,000. The \$20,000 forgivable portion has been recorded directly into income in the current year.

9. Deferred capital contributions

Deferred capital contributions represent unspent restricted contributions for the purchase of capital assets.

	2020	2019 (Restated)
Beginning balance	\$ 62,600	\$ 7,600
Capital contributions received	846,363	152,500
Capital contributions spent	(868,523)	(97,500)
	\$ 40,440	\$ 62,600

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2020

10. Unamortized capital contributions

Unamortized capital contributions represent the externally funded portion of capital assets that will be recognized as revenue in future periods. The changes in the unamortized capital contribution balance for the period are as follows:

	2020	2019 (Restated)
Beginning balance	\$ 156,717	\$ 75,452
Capital contributions spent	868,523	97,500
Amortization of unamortized capital contributions	(60,292)	(15,428)
Deferred capital contributions - asset disposals	(6,904)	(807)
	\$ 958,044	\$ 156,717

Total amount recognized as revenue for the period is \$67,196 (2019 - \$16,235).

11. Reserves

Reserves consist of internally restricted net assets set aside by the the Board of Directors of the Association for specific purposes, as follows:

	2020	2019
Emergency contingency reserve	\$ 65,000	\$ 65,000
Capital reserve	60,000	35,000
	\$ 125,000	\$ 100,000

12. Prior period adjustment

The comparative figures for the year ended December 31, 2019 have been restated to adjust deferred capital contributions and unamortized capital contributions. The net effect of this adjustment is an increase in unrestricted net assets and unamortized capital contributions, and a decrease in net assets invested in capital assets and deferred capital contributions, of \$95,000 each. There is no effect on excess of revenue over expenses.

13. Line of credit

A bank loan has been authorized by ATB Financial to a maximum of \$150,000 and bears interest at the prime rate plus 1.50%. A general security agreement over all assets of the borrower's present and after-acquired property, as well as a first rights mortgage on the land for the principal sum of \$350,000 has been pledged as security. At the year end, the amount used was \$0 (2019 - \$0).

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2020

14. Commitments

As at December 31, 2020, the Association has outstanding commitments regarding multiple property leases. Estimated expense payments are as follows:

2021	\$	119,825
2022		114,825
2023		84,150
		<hr/>
	\$	318,800

15. COVID-19

Events have occurred as a result of the COVID-19 (coronavirus) pandemic that have caused economic uncertainty. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government responses, remain unclear at this time.

Some of the key impacts include, but are not limited to, interruptions of production and supply chains, unavailability of personnel, reductions in revenue, decline in value of financial investments, disruptions or stoppages in non-essential travel, and the closure of facilities and businesses.

The Association's revenues and expenses directly related to events and fundraising have declined from the beginning of the pandemic to year end. However, donation and grant revenue has increased as a result of the emergency response fund implemented during the year and various COVID-19 grants received in order to maintain operations. The Association has utilized the Canada Emergency Wage Subsidy to maintain the majority of its employees and is following Government guidelines and has developed policies to ensure the safety of employees is maintained. Management is not aware of any material impairments that will impact the financial assets or liabilities of the company due to the pandemic.

The situation is continually changing and the future impact on the Association is not readily determinable at this time.

16. Financial instruments

Interest rate risk

The Association is exposed to interest rate risk through floating rate borrowings. The floating rate debt is subject to interest rate cash flow risk, as the required cash flows to service the debt will fluctuate as a result of changes in market rates.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. 94% of the Association's accounts receivable are due from two arm's-length parties. These receivables are due from government agencies, which reduces credit risk as collection is reasonably assured.

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2020

17. Fundraising

Expenses incurred for the purpose of soliciting contributions were \$189,055 (2019 - \$207,146). Remuneration to employees whose principle duties involve fundraising was \$78,668 (2019 - \$150,327).

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
SCHEDULES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2020

Schedule of direct client costs	Schedule 1		
	2020 Budget (unaudited)	2020 Actual	2019 Actual
Salaries and employee benefits	\$ 637,100	\$ 757,411	\$ 655,302
Food	113,650	114,379	116,867
Materials and supplies	61,400	68,346	53,855
Recreation	9,700	9,176	6,039
Medical and critical care	12,500	4,645	6,150
Client counselling	10,480	1,065	1,800
	\$ 844,830	\$ 955,022	\$ 840,013

Schedule of administrative	Schedule 2		
	2020 Budget (unaudited)	2020 Actual	2019 Actual
Salaries and employee benefits	\$ 269,425	\$ 226,240	\$ 281,339
Fundraising	194,215	189,055	207,146
Computers	25,075	35,322	27,497
Telephone and communications	24,808	31,998	27,991
Office supplies and postage	23,705	25,452	31,595
Ministry costs	18,150	24,934	20,624
Vehicle - operating	19,350	19,272	16,916
Insurance	19,700	18,816	13,853
Vehicle - maintenance	10,200	17,568	11,732
GST	-	14,994	13,773
Accounting and audit fees	14,000	12,500	9,000
Bank and credit card charges	7,700	9,352	8,771
Interest	6,300	5,768	7,449
Miscellaneous	5,310	3,864	4,678
Education, conferences and workshops	4,550	1,621	6,017
Bad debt	400	762	3,585
	\$ 642,888	\$ 637,518	\$ 691,966

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
SCHEDULES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2020

Schedule of facility	Schedule 3		
	2020 Budget (unaudited)	2020 Actual	2019 Actual
Rental of space	\$ 100,610	\$ 194,940	\$ 105,565
Maintenance and repairs	30,000	61,648	33,347
Utilities	42,400	48,384	33,779
	\$ 173,010	\$ 304,972	\$ 172,691
