

STREETS ALIVE FAMILY SUPPORT ASSOCIATION

FINANCIAL STATEMENTS

For the year ended December 31, 2022

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
TABLE OF CONTENTS
December 31, 2022

INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF OPERATIONS	4
STATEMENT OF CHANGES IN NET ASSETS	5
STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7 - 13
SCHEDULES TO THE FINANCIAL STATEMENTS	14 - 15



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, 2022, 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.

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, 2022 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.

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.

Report on compliance

In accordance with the agreement between the Association and Canada Mortgage and Housing Corporation dated December 17, 2020, we report that the Replacement Reserve Fund has been properly funded and maintained, and all earnings accruing to the Replacement Reserve Fund have been recorded as part of the fund. We also report that the Association is in compliance with respect to the agreement.

We do not provide a legal opinion on the compliance with the agreement.



Lethbridge, Alberta

June 27, 2023

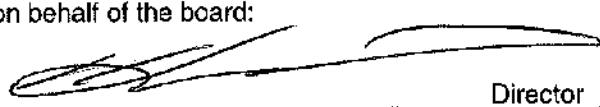
Chartered Professional Accountants

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
STATEMENT OF FINANCIAL POSITION
As at December 31, 2022

	2022	2021
ASSETS		
Current		
Cash	\$ 34,129	\$ 344,820
Restricted cash (note 3)	650,256	32,603
Accounts receivable	251,225	69,245
GST receivable	4,418	4,427
Prepaid expenses	-	5,796
Funds held in trust (note 4)	331,260	275,170
	1,271,288	732,061
Capital assets (note 5)	2,448,906	2,553,934
	\$ 3,720,194	\$ 3,285,995
LIABILITIES AND NET ASSETS		
Current		
Line of credit (note 6)	\$ 75,180	-
Accounts payable and accrued liabilities	33,687	20,075
Salaries and benefits payable	33,385	17,004
Deferred revenue (note 7)	142,656	25,003
Funds held in trust (note 4)	331,260	275,170
Current portion of long-term debt	738,000	141,000
Current portion of callable debt	33,006	33,293
Current portion of Canada Emergency Business Account	40,000	-
	1,427,174	511,545
Callable debt (note 8)	18,412	50,383
	1,445,586	561,928
Long-term debt (note 9)	138,000	876,000
Canada Emergency Business Account (note 10)	-	40,000
Deferred capital contributions (note 11)	507,600	7,600
Unamortized capital contributions (note 12)	887,106	940,998
	2,978,292	2,426,526
Net assets		
Unrestricted	19,404	138,533
Invested in capital assets	685,799	595,936
Reserves (note 13)	36,699	125,000
	741,902	859,469
	\$ 3,720,194	\$ 3,285,995

Approved on behalf of the board:

Director



Director



STREETS ALIVE FAMILY SUPPORT ASSOCIATION
STATEMENT OF OPERATIONS
For the year ended December 31, 2022

	2022 Budget (unaudited)	2022 Actual	2021 Actual
Revenue			
Donations	\$ 1,468,250	\$ 1,415,845	\$ 1,296,096
Residence fees	428,556	506,811	389,545
Government funding	296,799	462,388	209,309
Events	77,500	129,357	116,730
Donated goods	-	34,347	25,933
Miscellaneous	-	11,099	7,443
	<u>2,271,105</u>	<u>2,559,847</u>	<u>2,045,056</u>
Expenses			
Direct client costs (schedule 1)	1,150,115	1,398,070	1,042,815
Administrative (schedule 2)	797,651	812,466	743,775
Facility (schedule 3)	295,903	378,975	324,266
	<u>2,243,669</u>	<u>2,589,511</u>	<u>2,110,856</u>
Deficiency of revenue over expenses from operations	27,436	(29,664)	(65,800)
Other revenue			
COVID-19 grants and subsidies	-	-	256,563
(Deficiency) excess of revenue over expenses before items relating to capital assets	27,436	(29,664)	190,763
Revenue (expense) relating to capital assets			
Loss on disposal of capital assets	-	-	(11,632)
Amortization of capital contributions	-	53,892	63,342
Amortization	-	(141,795)	(140,938)
	-	(87,903)	(89,228)
Excess (deficiency) of revenue over expenses	<u>\$ 27,436</u>	<u>\$ (117,567)</u>	<u>\$ 101,535</u>

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
For the year ended December 31, 2022

	Unrestricted	Invested in capital assets	Reserves	Total 2022	Total 2021
Balance, beginning of year	\$ 138,533	\$ 595,936	\$ 125,000	\$ 859,469	\$ 757,934
(Deficiency) excess of revenue over expenses	(117,567)	-	-	(117,567)	101,535
Amortization	141,795	(141,795)	-	-	-
Amortization of capital contributions	(53,892)	53,892	-	-	-
Purchase of capital assets	-	36,766	(36,766)	-	-
Reserves used for operations	92,324	-	(92,324)	-	-
Transfer to reserves	(40,789)	-	40,789	-	-
Repayment of long-term debt	(141,000)	141,000	-	-	-
Balance, end of year	\$ 19,404	\$ 685,799	\$ 36,699	\$ 741,902	\$ 859,469

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
STATEMENT OF CASH FLOWS
For the year ended December 31, 2022

	2022	2021
Cash flows from operating activities		
(Deficiency) excess of revenue over expenses	\$ (117,567)	\$ 101,535
Adjustments for items which do not affect cash		
Amortization	141,795	140,938
Loss on disposal of capital assets	-	11,632
Amortization of capital contributions	(53,892)	(63,342)
	(29,664)	190,763
Change in non-cash working capital items		
Accounts receivable	(181,980)	221,502
GST	9	11,537
Prepaid expenses	5,796	3,391
Accounts payable and accrued liabilities	13,611	(65,865)
Salaries and benefits payable	16,381	-
Deferred revenue	117,653	(32,507)
	(58,194)	328,821
Cash flows from investing activities		
Proceeds on disposal of capital assets	-	14,000
Purchase of capital assets	(36,766)	(777,920)
	(36,766)	(763,920)
Cash flows from financing activities		
Repayment of callable debt	(32,258)	(32,009)
Proceeds of long-term debt	-	600,000
Repayment of long-term debt	(141,000)	(135,000)
Capital contributions received	500,000	13,457
	326,742	446,448
Net increase in cash	231,782	11,349
Cash, beginning of year	377,423	366,074
Cash, end of year	\$ 609,205	\$ 377,423
Cash consists of:		
Cash	\$ 34,129	\$ 344,820
Restricted cash	650,256	32,603
Line of credit	(75,180)	-
	\$ 609,205	\$ 377,423

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2022

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.

(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 \$3,500 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.

(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.

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2022

2. Significant accounting policies, continued

(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. Restricted cash

Restricted cash consists of cash balances held in respect of deferred revenue and deferred capital contributions.

4. Funds held in trust

	2022	2021
Client trust accounts	\$ 331,260	\$ 275,170

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.

5. Capital assets

	2022		2021	
	Cost	Accumulated amortization	Net	Net
Land	\$ 559,000	\$ -	\$ 559,000	\$ 559,000
Buildings	2,018,955	366,278	1,652,677	1,749,275
Equipment	13,049	6,404	6,645	8,307
Automotive	112,699	53,124	59,575	54,026
Furniture and fixtures	82,638	40,931	41,707	34,516
Leasehold improvements	324,942	199,539	125,403	143,937
Computer equipment	14,616	10,717	3,899	4,873
	\$ 3,125,899	\$ 676,993	\$ 2,448,906	\$ 2,553,934

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2022

6. 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 \$75,180 (2021 - \$0).

7. Deferred revenue

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

	Balance, beginning of year	Received	Recognized to revenue	Balance, end of year
Government of Alberta - COVID				
Counselling Grant	\$ 25,003	\$ 160,000	\$ (91,666)	\$ 93,337
Arconic Foundation Grant	-	31,120	-	31,120
Corrections Service Canada	-	18,199	-	18,199
	<u>\$ 25,003</u>	<u>\$ 209,319</u>	<u>\$ (91,666)</u>	<u>\$ 142,656</u>

8. Callable debt

	2022	2021
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.	\$ 51,418	\$ 83,676
Repayable within one year	33,006	33,293
	<u>\$ 18,412</u>	<u>\$ 50,383</u>

Security pledged on the above loans is as described in note 5.

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

2023	\$ 33,006
2024	18,412
	<u>\$ 51,418</u>

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2022

9. **Long-term debt**

	2022	2021
Private lender		
This unsecured loan is repayable by interest only payments of prime plus 1.5% on a monthly basis. The loan is due in 2023.	\$ 600,000	\$ 600,000
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.	276,000	417,000
	876,000	1,017,000
Less current portion	738,000	141,000
	\$ 138,000	\$ 876,000
Estimated principal repayments are as follows:		
2023	\$ 738,000	
2024	138,000	
	\$ 876,000	

10. **Canada Emergency Business Account**

The loan is unsecured and non-interest bearing with no specific terms of repayment until January 2024, at which time the loan will bear interest at 5% and be repayable over three years.

Repayment of the loan before December 31, 2023 will result in forgiveness of up to \$20,000. The \$20,000 forgivable portion was recorded directly into income in 2020. The loan was classified as current in 2022 as it is anticipated that it will be paid off during the 2023 fiscal year.

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2022

11. Deferred capital contributions

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

	2022	2021
Beginning balance	\$ 7,600	\$ 40,440
Capital contributions received	500,000	13,457
Capital contributions spent	-	(46,297)
	<u>\$ 507,600</u>	<u>\$ 7,600</u>

12. 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:

	2022	2021
Beginning balance	\$ 940,998	\$ 958,044
Capital contributions spent	-	46,297
Amortization of unamortized capital contributions	(53,892)	(57,364)
Deferred capital contributions - asset disposals	-	(5,979)
	<u>\$ 887,106</u>	<u>\$ 940,998</u>

Total amount recognized as revenue for the period is \$53,892 (2021 - \$63,342).

13. Reserves

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

	2022	2021
Capital reserve	\$ 36,699	\$ 60,000
Emergency contingency reserve	-	65,000
	<u>\$ 36,699</u>	<u>\$ 125,000</u>

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2022

14. Commitments

As at December 31, 2022, the Association has outstanding commitments regarding multiple property leases. Estimated expense payments are as follows:

2023	\$	187,710
2024		103,560
2025		88,170
2026		42,000
2027		42,000
		<hr/>
		\$ 463,440

15. Financial instruments

Liquidity risk

Liquidity risk is the risk that the Association cannot repay its obligations when they become due to its creditors. The Association is exposed to liquidity risk as its current assets, totalling \$1,271,288, are less than its current liabilities of \$1,427,174. The Association reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due.

Credit risk

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

Interest rate risk

The Association is exposed to interest rate risk due to 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.

16. Fundraising

Expenses incurred for the purpose of soliciting contributions were \$135,780 (2021 - \$164,861). Remuneration to employees whose principle duties involve fundraising was \$101,314 (2021 - \$90,430).

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2022

17. Subsequent events

Subsequent to yearend, the Association entered into the following real estate contracts:

- ♦ Purchase the land, building and accepted tenancies located at 711 2A Avenue North for \$2,100,000 plus GST. The purchase is subject to the Association's financing and due diligence conditions being waived on or before October 31, 2023. Possession of the property takes place on November 30, 2023.
- ♦ Purchase eight-unit property located at 527 7 Street South for \$1,100,000 plus GST. Possession of the property takes place on May 31, 2023.

Subsequent to yearend, the Association was approved for a \$660,000 term loan to purchase a building for social housing. The term loan is available until July 31, 2023. The term loan will be repayable at \$5,500 per month including interest at prime plus 1%.

18. 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.

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
SCHEDULES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2022

Schedule of direct client costs

Schedule 1

	2022 Budget (unaudited)	2022 Actual	2021 Actual
Salaries and employee benefits	\$ 915,864	\$ 985,523	\$ 815,167
Food	134,831	177,319	128,227
Materials and supplies	73,070	105,614	51,146
Client counselling	3,000	92,582	32,580
Recreation	16,650	12,715	11,066
Medical and critical care	7,200	4,448	4,629
Security	-	19,869	-
	\$ 1,150,115	\$ 1,398,070	\$ 1,042,815

Schedule of administrative

Schedule 2

	2022 Budget (unaudited)	2022 Actual	2021 Actual
Salaries and employee benefits	\$ 347,082	\$ 321,878	\$ 299,416
Fundraising	151,889	135,780	164,861
Vehicle - operating	36,000	54,964	30,754
Computers	48,500	49,022	50,797
Interest	28,135	37,419	15,349
Insurance	25,260	37,053	24,188
Telephone and communications	38,520	36,286	38,243
Office supplies and postage	34,800	31,697	32,174
Ministry costs	19,400	29,595	23,755
Vehicle - maintenance	22,000	25,507	20,732
GST	16,800	15,964	14,066
Accounting and audit fees	14,000	14,000	14,000
Bank and credit card charges	10,580	8,456	8,126
Miscellaneous	4,525	6,112	7,154
Education, conferences and workshops	-	5,632	-
Legal fees	160	3,101	160
	\$ 797,651	\$ 812,466	\$ 743,775

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
SCHEDULES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2022

Schedule of facility

Schedule 3

	2022 Budget (unaudited)	2022 Actual	2021 Actual
Rental of space	\$ 179,112	\$ 222,164	\$ 185,160
Utilities	76,400	84,910	67,890
Maintenance and repairs	40,391	71,901	71,216
	\$ 295,903	\$ 378,975	\$ 324,266
