

STREETS ALIVE FAMILY SUPPORT ASSOCIATION

FINANCIAL STATEMENTS

For the year ended December 31, 2023

STREETS ALIVE FAMILY SUPPORT ASSOCIATION

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December 31, 2023

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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, 2023, 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, 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.

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 Other Legal and Regulatory Requirements

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, 2024

Chartered Professional Accountants

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
STATEMENT OF FINANCIAL POSITION
As at December 31, 2023

	2023	2022
ASSETS		
Current		
Cash	\$ 387,663	\$ 34,129
Restricted cash (note 3)	48,629	650,256
Accounts receivable	138,613	251,225
Prepaid expenses (note 4)	25,646	-
Funds held in trust (note 5)	358,444	331,260
GST receivable	-	4,418
	938,995	1,271,288
Capital assets (note 6)	5,597,703	2,448,906
	\$ 6,536,698	\$ 3,720,194

Approved on behalf of the board:

Director



Director



STREETS ALIVE FAMILY SUPPORT ASSOCIATION
STATEMENT OF FINANCIAL POSITION, continued
As at December 31, 2023

	2023	2022
LIABILITIES AND NET ASSETS		
Current		
Line of credit (note 7)	\$ -	\$ 75,180
Accounts payable and accrued liabilities	123,815	33,687
Salaries and benefits payable	20,684	33,385
Deferred revenue (note 8)	-	142,656
Damage deposits	6,050	-
Funds held in trust	358,444	331,260
GST payable	45,923	-
Current portion of long-term debt	1,851,032	738,000
Current portion of callable debt	18,471	33,006
Canada Emergency Business Account (note 9)	40,000	40,000
	2,464,419	1,427,174
Callable debt (note 10)	-	18,412
	2,464,419	1,445,586
Long-term debt (note 11)	638,801	138,000
Deferred capital contributions (note 12)	42,579	507,600
Unamortized capital contributions (note 13)	2,729,624	887,106
	5,875,423	2,978,292
Net assets		
Unrestricted	(116,972)	19,404
Invested in capital assets	778,247	685,799
Reserves	-	36,699
	661,275	741,902
	\$ 6,536,698	\$ 3,720,194

STREETS ALIVE FAMILY SUPPORT ASSOCIATION**STATEMENT OF OPERATIONS**

For the year ended December 31, 2023

	2023 Budget (unaudited)	2023 Actual	2022 Actual
Revenue			
Donations	\$ 1,394,900	\$ 1,357,721	\$ 1,415,845
Government funding	976,714	1,019,529	462,388
Residence fees	617,200	708,737	506,811
Events	168,100	142,138	129,357
Miscellaneous	7,200	95,911	11,099
Donated goods	-	26,396	34,347
	<u>3,164,114</u>	<u>3,350,432</u>	<u>2,559,847</u>
Expenses			
Administrative (schedule 2)	2,133,074	2,399,663	1,793,702
Facility (schedule 3)	424,700	543,381	378,974
Direct client costs	417,140	402,122	416,835
	<u>2,974,914</u>	<u>3,345,166</u>	<u>2,589,511</u>
Excess (deficiency) of revenue over expenses from operations	<u>189,200</u>	<u>5,266</u>	<u>(29,664)</u>
Revenue (expense) relating to capital assets			
Amortization of capital contributions	-	130,793	53,892
Gain on disposal of capital assets	-	2,026	-
Amortization	-	(218,712)	(141,795)
	<u>-</u>	<u>(85,893)</u>	<u>(87,903)</u>
Excess (deficiency) of revenue over expenses	<u>\$ 189,200</u>	<u>\$ (80,627)</u>	<u>\$ (117,567)</u>

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
For the year ended December 31, 2023

	Unrestricted	Invested in capital assets	Reserves	Total 2023	Total 2022
Balance, beginning of year	\$ 19,404	\$ 685,799	\$ 36,699	\$ 741,902	\$ 859,489
Deficiency of revenue over expenses	(80,627)	-	-	(80,627)	(117,567)
Amortization	218,712	(218,712)	-	-	-
Amortization of capital contributions	(130,793)	130,793	-	-	-
Purchase of capital assets	(3,354,714)	3,382,371	(27,657)	-	-
Disposal of capital assets	14,861	(14,861)	-	-	-
Capital contributions spent	1,973,310	(1,973,310)	-	-	-
Proceeds of capital debt	1,360,000	(1,360,000)	-	-	-
Repayment of long-term debt	(146,167)	146,167	-	-	-
Transfer from reserves	9,042	-	(9,042)	-	-
Balance, end of year	\$ (116,972)	\$ 778,247	\$ -	\$ 661,275	\$ 741,902

STREETS ALIVE FAMILY SUPPORT ASSOCIATION

STATEMENT OF CASH FLOWS

For the year ended December 31, 2023

	2023	2022
Cash flows from operating activities		
Deficiency of revenue over expenses	\$ (80,627)	\$ (117,567)
Adjustments for items which do not affect cash		
Amortization	218,712	141,795
Gain on disposal of capital assets	(2,026)	-
Amortization of capital contributions	(130,793)	(53,892)
	5,266	(29,664)
Change in non-cash working capital items		
Accounts receivable	112,612	(181,980)
Prepaid expenses	(25,646)	5,796
GST	50,341	9
Accounts payable and accrued liabilities	90,130	13,611
Salaries and benefits payable	(12,701)	16,381
Deferred revenue	(142,656)	117,653
Damage deposits	6,050	-
	83,396	(58,194)
Cash flows from investing activities		
Proceeds on disposal of capital assets	16,887	-
Purchase of capital assets	(3,382,371)	(36,766)
	(3,365,484)	(36,766)
Cash flows from financing activities		
Repayment of callable debt	(32,947)	(32,258)
Proceeds of long-term debt	1,760,000	-
Repayment of long-term debt	(146,167)	(141,000)
Capital contributions received	1,508,289	500,000
	3,089,175	326,742
Net increase in cash	(192,913)	231,782
Cash, beginning of year	609,205	377,423
Cash, end of year	\$ 416,292	\$ 609,205
Cash consists of:		
Cash	\$ 367,663	\$ 34,129
Restricted cash	48,629	650,256
Line of credit	-	(75,180)
	\$ 416,292	\$ 609,205

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023

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, 2023

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 capital contributions and damage deposits.

4. Prepaid expenses

	2023	2022
Prepaid expense	\$ 5,646	\$ -
Deposit for purchase of 925 15th Street S	20,000	-
	\$ 25,646	\$ -

For details on the deposit of 925 15th Street S, see note 17.

5. Funds held in trust

	2023	2022
Client trust accounts	\$ 358,444	\$ 331,260

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.

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023

6. **Capital assets**

			2023	2022
	Cost	Accumulated amortization	Net	Net
Land	\$ 1,769,000	\$ -	\$ 1,769,000	\$ 559,000
Buildings	4,148,669	529,013	3,619,656	1,652,677
Equipment	13,049	7,733	5,316	6,645
Automotive	123,051	57,680	65,371	59,575
Furniture and fixtures	88,294	53,375	34,919	41,707
Leasehold improvements	324,942	224,620	100,322	125,403
Computer equipment	14,616	11,497	3,119	3,899
	\$ 6,481,621	\$ 883,918	\$ 5,597,703	\$ 2,448,906

7. **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, no amount was drawn on the line (2022 - \$75,180)

8. **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	\$ 93,337	\$ -	\$ (93,337)	-
Arconic Foundation Grant	31,120	-	(31,120)	-
Corrections Service Canada	18,199	-	(18,199)	-
Government of Alberta - Rapid Relapse Response	-	150,000	(150,000)	-
	\$ 142,656	\$ 150,000	\$ (292,656)	-

9. **Canada Emergency Business Account**

The loan was paid off subsequent to year-end and financed through a term loan of \$40,000 bearing interest at Prime plus 4% per annum, with blended monthly payments of \$1,314. The new loan is due January 2027.

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023

10. **Callable debt**

	2023	2022
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.	\$ 18,471	\$ 51,418
Repayable within one year	18,471	33,006
	\$ -	\$ 18,412

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

11. **Long-term debt**

	2023	2022
Christian Credit Union		
This loan is secured by property with a book value of \$2,115,226 (711 2A Avenue N). The loan is repayable by interest only payments of prime plus 1.75% on a monthly basis. The loan is due in 2024.	\$ 700,000	-
ATB		
This loan is secured by property with a book value of \$1,071,580 (527 7 Street S). The loan is repayable with blended payments of \$5,500 with interest at prime plus 1%. The loan is due in 2043.	651,833	-
Private lender		
This unsecured loan is repayable by interest only payments of 6% on a monthly basis. The loan is due in 2024.	600,000	600,000
This unsecured loan is repayable by interest only payments of 6% on a monthly basis. The loan is due in 2024.	400,000	-
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.	138,000	276,000
	2,489,833	876,000
Less current portion	1,851,032	738,000
	\$ 638,801	\$ 138,000

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023

11. Long-term debt, continued

Estimated principal repayments are as follows:

2024	\$	1,851,032
2025		14,142
2026		15,347
2027		16,653
2028		18,071
Subsequent years		574,588
		\$ 2,489,833

12. Deferred capital contributions

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

		2023		2022
Beginning balance	\$	507,600	\$	7,600
Capital contributions received		1,508,289		500,000
Capital contributions spent		(1,973,310)		-
		\$ 42,579	\$	507,600

13. 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:

		2023		2022
Beginning balance	\$	887,106	\$	940,998
Capital contributions spent		1,973,310		-
Amortization of unamortized capital contributions		(129,745)		(53,892)
Deferred capital contributions - asset disposals		(1,047)		-
		\$ 2,729,624	\$	887,106

Total amount recognized as revenue for the period is \$130,793 (2022 - \$53,892).

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023

14. Commitments

As at December 31, 2023, the Association has outstanding commitments regarding multiple property leases. Estimated expense payments are as follows:

2024	\$	132,105
2025		118,052
2026		51,602
2027		48,690
2028		29,254
		<hr/>
		\$ 379,703
		<hr/>

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, totaling \$938,995, are less than its current liabilities of \$2,405,864. 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 \$188,784 (2022 - \$135,780). Remuneration to employees whose principle duties involve fundraising was \$116,818 (2022 - \$101,314).

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023

17. **Subsequent events**

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

- Purchase the land, and building located at 925 15th Street S for \$1,300,000. The purchase is subject to the Association's financing and due diligence conditions being waived on September 15, 2024. Possession of the property takes place on September 30, 2024.

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, 2023

Schedule of direct client costs

Schedule 1

	2023 Budget (unaudited)	2023 Actual	2022 Actual
Food	\$ 166,020	\$ 186,547	\$ 177,319
Materials and supplies	90,970	91,145	105,614
Security	-	64,206	19,869
Client counselling	60,000	27,370	92,582
Salaries and employee benefits	66,800	13,628	4,287
Recreation	26,150	10,489	12,716
Medical and critical care	7,200	8,737	4,448
	\$ 417,140	\$ 402,122	\$ 416,835

Schedule of administrative

Schedule 2

	2023 Budget (unaudited)	2023 Actual	2022 Actual
Salaries and employee benefits	\$ 1,584,308	\$ 1,674,910	\$ 1,303,114
Fundraising	130,800	188,784	135,780
Interest	48,750	92,290	37,419
Insurance	72,600	90,135	37,053
Vehicle - operating	55,800	56,883	54,964
Computers	45,336	56,064	49,022
Vehicle - maintenance	37,200	62,512	25,507
Telephone and communications	42,000	40,307	36,286
Ministry costs	30,200	34,944	29,595
Office supplies and postage	29,220	34,525	31,699
GST	21,300	19,032	15,964
Accounting and audit fees	12,500	15,500	14,000
Miscellaneous	5,050	13,679	6,112
Bank and credit card charges	9,510	11,534	8,454
Legal fees	500	6,170	3,101
Education, conferences and workshops	8,000	2,394	5,632
	\$ 2,133,074	\$ 2,399,663	\$ 1,793,702

STREETS ALIVE FAMILY SUPPORT ASSOCIATION
SCHEDULES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023

Schedule of facility	Schedule 3		
	2023 Budget (unaudited)	2023 Actual	2022 Actual
Rental of space	\$ 267,300	\$ 315,411	\$ 222,163
Utilities	78,700	116,171	84,910
Maintenance and repairs	78,700	111,799	71,901
	\$ 424,700	\$ 543,381	\$ 378,974
