

Strathcona Shelter Society Ltd.
Financial Statements
March 31, 2021

To the Members of Strathcona Shelter Society Ltd.:

Qualified Opinion

We have audited the financial statements of Strathcona Shelter Society Ltd. (the "Society"), which comprise the statement of financial position as at March 31, 2021, 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 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 fundraising activities 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 donations and fundraising revenue, excess (deficiency) of revenues over expenses, and cash flows from operations for the year ended March 31, 2021, current assets as at March 31, 2021, and net assets as at April 1, 2020 and March 31, 2021. The predecessor auditor's 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.

Other Matter

The financial statements of the Society for the year ended March 31, 2020 were audited by another firm of Chartered Professional Accountants who expressed a qualified conclusion on those statements on July 30, 2020 for the reasons described in the Basis for Qualified Opinion paragraph.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual General Report 2020-2021, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained the Annual General Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 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.
- 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.

Edmonton, Alberta

August 17, 2021

MNP LLP

Chartered Professional Accountants

MNP

Strathcona Shelter Society Ltd.
Statement of Financial Position

As at March 31, 2021

	2021	2020
Assets		
Current		
Cash (Note 3)	1,090,801	619,431
Marketable securities, cost \$217,627 (2019 - \$214,470)	249,943	226,490
Prepaid expenses and deposits	43,044	43,044
Deposits	2,412	1,194
Goods and services tax recoverable	18,589	4,963
	1,404,789	895,122
Capital assets (Note 4)	904,559	1,016,784
	2,309,348	1,911,906
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 5)	341,486	269,055
Deferred contributions (Note 6)	449,307	223,096
	790,793	492,151
Deferred contributions - capital - unspent	1,814	1,814
Deferred contributions - capital - spent (Note 7)	824,610	914,659
	1,617,217	1,408,624
Contingencies (Note 8)		
Significant event (Note 11)		
Net Assets		
Unrestricted	560,920	349,895
Invested in capital assets	79,949	102,125
Building replacement fund	51,262	51,262
	692,131	503,282
	2,309,348	1,911,906

Approved on behalf of the Board

signed by "Kris Sakowsky"

Director

signed by "Sandra Hanington"

Director

The accompanying notes are an integral part of these financial statements

Strathcona Shelter Society Ltd.**Statement of Operations**

For the year ended March 31, 2021

	2021	2020
Revenue		
Alberta Human Services - Contract (Note 6)	1,989,165	1,995,189
Grant revenue (Note 6), (Note 7)	293,974	181,778
Donations	224,865	123,018
United Way	81,819	81,817
Condominium revenue (Schedule 1)	41,732	49,437
Fundraising	26,829	67,445
Temporary wage subsidy (Note 11)	18,962	6,038
	2,677,346	2,504,722
Expenses		
Salaries and benefits	1,790,932	1,986,203
Professional and consulting fees	222,259	131,450
Direct client services	196,649	203,986
Amortization	76,256	78,697
Condominium expenditures (Schedule 1)	56,995	69,487
Office and miscellaneous	55,536	67,909
Utilities	49,420	57,980
Repairs and maintenance	43,697	41,054
Insurance	15,506	16,406
Travel	3,689	17,431
Fundraising expenses	3,378	7,141
Advertising	-	1,147
Staff development	-	6,752
	2,514,317	2,685,643
Excess (deficiency) of revenue over expenses before other items	163,029	(180,921)
Other items		
Investment income	20,296	2,697
Unrealized gain (loss) on marketable securities	3,157	(12,525)
Expense recovery	2,211	160
Interest income	156	9,894
	25,820	226
Excess (deficiency) of revenue over expenses	188,849	(180,695)

The accompanying notes are an integral part of these financial statements

Strathcona Shelter Society Ltd.
Statement of Changes in Net Assets
For the year ended March 31, 2021

	<i>Unrestricted</i>	<i>Invested in capital assets</i>	<i>Building replacement fund</i>	2021	<i>2020</i>
Net assets, beginning of year	349,895	102,125	51,262	503,282	683,977
Excess (deficiency) of revenue over expenses	211,666	(22,817)	-	188,849	(180,695)
Purchase of capital assets	(641)	641	-	-	-
Net assets, end of year	560,920	79,949	51,262	692,131	503,282

The accompanying notes are an integral part of these financial statements

Strathcona Shelter Society Ltd.**Statement of Cash Flows***For the year ended March 31, 2021*

	2021	2020
Cash provided by (used for) the following activities		
Operating		
Cash receipts from funders and other revenue	2,790,055	2,323,219
Cash paid for program service expenses	(577,810)	(554,311)
Cash paid for salaries and benefits	(1,760,686)	(1,986,203)
Investment income received	20,452	12,591
	472,011	(204,704)
Financing		
Repayment of mortgage loan	-	(2,267)
Investing		
Purchase of capital assets	(641)	(11,306)
Increase (decrease) in cash resources	471,370	(218,277)
Cash resources, beginning of year	619,431	837,708
Cash resources, end of year	1,090,801	619,431

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Strathcona Shelter Society Ltd. (the "Society") was incorporated under the Companies Act of the Province of Alberta as a limited company and is a registered charity under the Income Tax Act. The Society is exempt from tax under paragraph 149(1) of the Income Tax Act.

It is the purpose of the Society to provide:

- (a) a temporary safe and supportive environment to women, including their children, who are identified or identify themselves as having been physically, sexually and/or psychologically abused by their husband, intimate partner, family member or person known to them;
- (b) an opportunity for abused women to learn of services and alternatives for themselves and their families in order to facilitate decisions about their future; and
- (c) increase awareness regarding the issues related to domestic violence and the needs of abused women and their children.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of generally accepted accounting principles, and include the following significant accounting policies.

Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses 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. Endowment contributions are recognized as direct increases in net assets.

Externally restricted contributions for capital assets are amortized to revenue over the same period in which the related capital expenses are amortized to expenses.

Cash and cash equivalents

Cash includes balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Buildings	straight-line	20 years
Vehicles	straight-line	10 years
Computer equipment	straight-line	5 years
Website	straight-line	5 years
Furniture and fixtures	straight-line	5 years
Office equipment	straight-line	10 years
Leasehold improvements	straight-line	term of lease
Playground	straight-line	5 years

2. Significant accounting policies *(Continued from previous page)*

Long-lived assets

Long-lived assets consist of capital assets held for use and are measured and amortized as described in the applicable accounting policies.

The Society writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Society's ability to provide goods and services. The assets are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Society determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

Retirement savings plan

The Society maintains a defined contribution RRSP plan for its employees. The expenditure for this plan is equal to the Society's required contribution for the year.

Contributed materials and services

Some of the work of the Society is dependent on the voluntary services of members and others. Since their services are not purchased by the Society and due to the difficulty in determining their fair value, donated services are not recognized in these financial statements. Contributed goods are recorded at their fair market value at the time of the donation, as long as a fair value can be reasonably estimated and the goods would otherwise have been purchased by the Society in the normal course of operations.

Measurement uncertainty (use of estimates)

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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Amortization is based on the estimated useful lives of capital assets. Expenses are allocated to respective programs and funding arrangements based on estimates of relative consumption of costs by various programs.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

Financial instruments

All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions*.

At initial recognition, the Society may irrevocably elect to subsequently measure any financial instrument at fair value. The Society has not made such an election during the year.

The Society subsequently measures investments in equity instruments quoted in an active market at fair value. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to financial instruments subsequently measured at fair value are immediately recognized in the excess (deficiency) of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

The Society assesses impairment of all of its financial assets measured at cost or amortized cost when there is an indication of impairment. Any impairment which is not considered temporary, is included in current year excess (deficiency) of revenues over expenses.

Strathcona Shelter Society Ltd.
Notes to the Financial Statements
For the year ended March 31, 2021

3. Restricted cash

Restricted cash is the cash required by third parties to be deposited in a separate account for a designated purpose. At year-end, included in cash is \$9,685 (2020 - \$22,592) restricted by Alberta Gaming, Liquor and Cannabis.

4. Capital assets

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Land	104,980	-	104,980	104,980
Buildings	1,478,725	751,208	727,517	776,780
Vehicles	21,183	15,887	5,296	7,414
Computer equipment	23,504	17,591	5,913	6,877
Website	7,889	6,837	1,052	2,629
Furniture and fixtures	229,695	183,178	46,517	88,573
Office equipment	14,281	10,446	3,835	4,670
Leasehold improvements	9,101	9,101	-	-
Playground	97,055	87,606	9,449	24,861
	1,986,413	1,081,854	904,559	1,016,784

5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$8,958 (2020 - \$18,583).

6. Deferred contributions

Deferred contributions consist of unspent contributions externally restricted by third parties for program and operating activities. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2021	2020
Balance, beginning of year	223,096	306,289
Amount received during the year	2,488,814	2,311,697
Less: Amount recognized as revenue during the year	(2,262,603)	(2,394,890)
Balance, end of year	449,307	223,096

7. Deferred contributions related to capital assets

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	2021	2020
Balance, beginning of year	914,659	1,005,626
Less: Amounts recognized as revenue during the year	(90,049)	(90,967)
Balance, end of year	824,610	914,659

8. Contingencies

The Board of Directors of the Society approved an Employment Service Bonus Incentive Plan in 2008. Employees receive a bonus based on years of service in the form of a locked in Registered Retirement Savings Plan. Payments are prorated for the employee's full time equivalent position and are payable on the employee's service anniversary. The plan is part of the collective agreement. In 2021, payments of \$18,500 (2020 - \$9,893) were made. The average amount payable each year is approximately \$15,000.

9. Financial instruments

The Society, as part of its operations, carries a number of financial instruments. It is management's opinion that the Society is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society's exposure to liquidity risk is dependent on its receipt of funds from its contributors and donors, in order to repay its accounts payable and accrued liabilities.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through maintaining interest based investments until maturity.

10. Economic dependence

The Society is economically dependent on the Government of Alberta for its revenue. In 2021, 86% (2020 - 85%) of revenue was derived from the Government of Alberta in the form of grants.

11. Significant event

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian federal, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Society as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

During the year, the Society applied for the Canada Temporary Wage Subsidy ("TWS"). Under the TWS program, organizations are eligible to receive a subsidy of up to 10% of eligible employee wages paid during specified periods. For the year ended March 31, 2021, the Society claimed subsidies under the TWS program of \$18,962 (2020 - \$6,038).

Strathcona Shelter Society Ltd.
Schedule 1 - Schedule of Condominium Operations
For the year ended March 31, 2021

	2021	2020
Revenue		
Amortization of deferred contributions (Note 7)	36,610	36,610
Rental revenue	5,122	12,827
	41,732	49,437
Expenses		
Amortization	36,610	36,610
Condominium fees	7,516	12,351
Telephone	4,417	4,006
Water	3,074	4,075
Security	1,737	5,003
Natural gas	1,463	2,789
Electricity	1,378	2,717
Repairs and maintenance	800	1,626
Insurance	-	310
	56,995	69,487
Deficiency of revenue over expenses	(15,263)	(20,050)