

Strathcona Shelter Society Ltd.
Financial Statements
March 31, 2023

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, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 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 not-for-profit organizations, the Society derives revenue from donations and 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 of revenue over expenses, and cash flows from operations for the years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at April 1 and March 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended March 31, 2022 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 Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, 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 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.

MNP LLP

Suite 1600 MNP Tower, 10235 - 101 Street NW, Edmonton AB, T5J 3G1

1.800.661.7778 T: 780.451.4406 F: 780.454.1908

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

June 28, 2023

MNP LLP

Chartered Professional Accountants

MNP

Strathcona Shelter Society Ltd.
Statement of Financial Position

As at March 31, 2023

	2023	2022
Assets		
Current		
Cash (Note 3)	513,500	1,298,253
Accounts receivable	48,518	32,653
Marketable securities, cost \$1,028,962 (2022 - \$223,560)	1,067,471	257,425
Prepaid expenses and deposits	64,705	11,173
Deposits	-	2,411
	1,694,194	1,601,915
Capital assets (Note 4)	986,939	868,572
	2,681,133	2,470,487
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 4), (Note 5)	249,308	301,272
Deferred contributions (Note 6)	426,027	372,936
	675,335	674,208
Deferred contributions - capital - unspent	1,814	1,814
Deferred contributions - capital - spent (Note 7)	806,776	786,737
	1,483,925	1,462,759
Contingencies (Note 8)		
Net Assets		
Unrestricted	965,783	874,631
Invested in capital assets	180,163	81,835
Building replacement fund	51,262	51,262
	1,197,208	1,007,728
	2,681,133	2,470,487

Approved on behalf of the Board

signed by "Clayton Schweb"

Director

signed by "Kris Sakowsky"

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, 2023

	2023	2022
Revenue		
Alberta Human Services - Contract (Note 6)	1,948,830	2,026,862
Grant revenue (Note 6), (Note 7)	219,303	243,936
Donations	215,770	259,877
Fundraising	114,834	74,266
United Way (Note 6)	54,472	61,124
Condominium revenue (Schedule 1)	50,927	37,766
	2,604,136	2,703,831
Expenses		
Salaries and benefits	1,722,219	1,672,472
Direct client services	191,418	180,993
Professional and consulting fees	168,996	150,392
Office and miscellaneous	83,890	85,340
Condominium expenses (Schedule 1)	74,285	69,680
Utilities	53,931	79,457
Amortization	45,443	75,587
Repairs and maintenance	35,004	33,212
Fundraising expenses	26,948	22,496
Insurance	19,835	11,122
Travel	6,004	1,757
Advertising	4,515	2,958
Board of Directors	2,525	10,250
Bad debts	1,363	-
Bank charges and interest	853	-
Meals and entertainment	550	-
	2,437,779	2,395,716
Excess of revenue over expenses before other items	166,357	308,115
Other items		
Investment income	18,128	1,550
Interest income	13,077	-
Unrealized gain (loss) on marketable securities	(8,082)	5,932
	23,123	7,482
Excess of revenue over expenses	189,480	315,597

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, 2023

	<i>Unrestricted</i>	<i>Invested in capital assets</i>	<i>Building replacement fund</i>	<i>2023</i>	<i>2022</i>
Net assets, beginning of year	874,631	81,835	51,262	1,007,728	692,131
Excess (deficiency) of revenue over expenses	223,572	(34,092)	-	189,480	315,597
Purchase of capital assets <i>(Note 4)</i>	(200,420)	200,420	-	-	-
Deferred capital contributions <i>(Note 7)</i>	68,000	(68,000)	-	-	-
Net assets, end of year	965,783	180,163	51,262	1,197,208	1,007,728

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, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Cash receipts from funders and other revenue	2,586,608	2,529,754
Cash paid for program service expenses	(749,629)	(576,362)
Cash paid for salaries and benefits	(1,704,394)	(1,694,203)
Investment income received	31,205	1,550
	163,790	260,739
Financing		
Cash contributions received for capital assets	68,000	-
Investing		
Purchase of marketable securities	(800,000)	-
Purchase of capital assets <i>(Note 4)</i>	(216,543)	(53,287)
	(1,016,543)	(53,287)
Increase (decrease) in cash resources	(784,753)	207,452
Cash resources, beginning of year	1,298,253	1,090,801
Cash resources, end of year	513,500	1,298,253

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 individuals, including their children, who are identified or identify themselves as having been physically, sexually and/or psychologically abused by their spouse, intimate partner, family member or person known to them;
- (b) an opportunity for families and individuals experiencing domestic violence and abuse 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 families and individuals experiencing domestic violence and abuse.

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. A full year of amortization is recorded in the year of acquisition, with no amortization recorded in the year of disposal.

	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 revenue over expenses in the years in which they become known.

Financial instruments

The Society recognizes financial instruments when the Society becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Society may irrevocably elect to subsequently measure any arm's length 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 and all derivative instruments at fair value. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

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

Related party financial instruments

The Society initially measures investments or debt instruments with a quoted market value or derivatives originated in a related party transaction ("related party financial instruments") at fair value.

All other related party financial instruments are measured at cost on initial recognition.

At initial recognition, the Society may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value. The Society has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

The Society subsequently measures investments in equity instruments quoted in an active market and all derivative instruments at fair value.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of revenue over expenses.

Financial asset impairment

The Society assesses impairment of all its financial assets measured at cost or amortized cost. The Society reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses. The Society reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenue over expenses in the year the reversal occurs.

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 \$32,708 (2022 - \$21,423) restricted by Alberta Gaming, Liquor and Cannabis.

4. **Capital assets**

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	-	-	-	104,980
Buildings	1,478,725	848,380	630,345	678,391
Vehicles	21,183	20,124	1,059	3,177
Computer equipment	81,925	44,206	37,719	51,027
Website	7,889	7,889	-	-
Furniture and fixtures	266,346	232,530	33,816	17,346
Office equipment	21,081	14,838	6,243	8,439
Leasehold improvements	14,057	11,083	2,974	3,965
Playground	202,035	97,055	104,980	1,247
Capital funding project	169,803	-	169,803	-
	2,263,044	1,276,105	986,939	868,572

Capital asset additions during the year totaled \$200,420 (2022 - \$76,210). Of the additions, \$nil (2022 - \$6,800) were acquired by in-kind contribution and \$nil (2022 - \$16,123) remained unpaid and are included in accounts payable at year-end. These non-cash acquisitions have been omitted from the statement of cash flows. \$216,543 (2022 - \$53,287) of additions were acquired in cash.

Strathcona Shelter Society Ltd.
Notes to the Financial Statements
For the year ended March 31, 2023

5. **Accounts payable and accrued liabilities**

Included in accounts payable and accrued liabilities are government remittances of \$16,970 (2022 - \$16,463).

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:

	2023	2022
Balance, beginning of year		
Amount received during the year	372,936	449,307
Less: Amount recognized as revenue during the year	2,263,373	2,310,172
Less: Amount transferred to deferred contributions related to capital assets (Note 7)	(2,210,282)	(2,328,123)
	-	(58,420)
Balance, end of year	426,027	372,936

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:

	2023	2022
Balance, beginning of year		
Contributions received in year	786,737	824,610
Amount transferred from deferred revenue during the year (Note 6)	68,000	-
Contributed capital assets (Note 4)	-	58,420
Less: Amounts recognized as revenue during the year	-	6,800
	(47,961)	(103,093)
Balance, end of year	806,776	786,737

8. **Contingencies**

The Society has been named as defendant in lawsuits, seeking to recover damages allegedly sustained. These lawsuits remain at an early stage, and as litigation is subject to many uncertainties, it is not possible to predict the ultimate outcome of these lawsuits or to estimate the loss, if any, which may result.

In the normal conduct of operations, there are other pending claims by and against the Society. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. In the opinion of management, based on the advice and information provided by its legal counsel, final determination of these other litigations will not materially affect the Society's financial position or results of operations.

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.

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 Society 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 2023, 75% (2022 - 75%) of revenue was derived from the Government of Alberta in the form of grants.

11. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

Strathcona Shelter Society Ltd.
Schedule 1 - Schedule of Condominium Operations
For the year ended March 31, 2023

	2023	2022
Revenue		
Amortization of deferred contributions (Note 7)	36,610	36,610
Rental revenue	14,317	1,156
	50,927	37,766
Expenses		
Amortization	36,610	36,610
Repairs and maintenance	9,397	874
Materials and supplies	6,000	-
Insurance	4,767	15,402
Telephone	3,759	4,110
Natural gas	3,573	3,365
Travel	3,128	-
Security	2,948	5,436
Water	2,052	1,707
Electricity	2,051	2,176
	74,285	69,680
Deficiency of revenue over expenses	(23,358)	(31,914)

[Handwritten Signature]
 President/Acting Treasurer

[Handwritten Signature]
 Janice Renner
 Secretary