

SUPPORT THROUGH HOUSING TEAM SOCIETY

Financial Statements

Year Ended December 31, 2020

SUPPORT THROUGH HOUSING TEAM SOCIETY
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Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of Support Through Housing Team Society

Qualified Opinion

We have audited the financial statements of Support Through Housing Team Society (the Society), which comprise the statement of financial position as at December 31, 2020, and the statements of revenues and expenditures, 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 December 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

We were not able to observe the counting of physical inventories at the beginning of the year nor satisfy ourselves concerning those inventory quantities by alternative means. Since opening inventories enter into the determination of the results of its operations and cash flows, we were unable to determine whether adjustments to cost of sales, income taxes, net income for the year, opening retained earnings and cash provided from operations might be necessary. Our audit opinion on the financial statements for the year ended December 31, 2020 was modified because of the effects of this departure from Canadian accounting standards for not-for-profit organizations.

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 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 audit 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 ASNPO, 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.

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Independent Auditor's Report to the Members of Support Through Housing Team Society (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 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.

G & H LLP

Sherwood Park, Alberta
April 21, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS

SUPPORT THROUGH HOUSING TEAM SOCIETY**Statement of Revenues and Expenditures**

Year Ended December 31, 2020

	2020	2019
REVENUES		
United Way funding	\$ 168,205	\$ 135,461
RMWB funding	99,332	80,000
Government funding	24,992	31,708
Other income	12,563	5,423
	<u>305,092</u>	<u>252,592</u>
EXPENSES		
Salaries and benefits	246,046	220,175
Rent	14,604	19,009
Professional fees	12,578	14,901
Office	10,683	16,676
Telephone	3,017	4,441
Travel	2,576	1,954
Board	2,023	906
Insurance	1,798	1,255
Interest and bank charges	201	72
Bad debts	-	107
	<u>293,526</u>	<u>279,496</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>11,566</u>	<u>(26,904)</u>
OTHER INCOME		
Government assistance (Note 7)	5,191	-
Funding returned	-	(23,185)
	<u>5,191</u>	<u>(23,185)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 16,757</u>	<u>\$ (50,089)</u>

See notes to financial statements

SUPPORT THROUGH HOUSING TEAM SOCIETY
Statement of Financial Position
December 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 223,531	\$ 102,827
Accounts receivable (Note 7)	5,191	-
Inventory	3,525	700
Goods and services tax recoverable	1,010	2,073
Prepaid expenses	1,954	8,991
	\$ 235,211	\$ 114,591
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 20,485	\$ 16,208
Employee deductions payable	7,608	4,294
Deferred income (Note 3)	130,178	33,906
	158,271	54,408
NET ASSETS	76,940	60,183
	\$ 235,211	\$ 114,591

ON BEHALF OF THE BOARD


 _____ Director

 Director

See notes to financial statements

SUPPORT THROUGH HOUSING TEAM SOCIETY
Statement of Changes in Net Assets
Year Ended December 31, 2020

	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 60,183	\$ 166,972
EXCESS OF REVENUES OVER EXPENSES	16,757	(50,089)
Prior period adjustment	-	(56,700)
NET ASSETS - END OF YEAR	\$ 76,940	\$ 60,183

See notes to financial statements

SUPPORT THROUGH HOUSING TEAM SOCIETY
Statement of Cash Flows
Year Ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 16,757	\$ (50,089)
Changes in non-cash working capital:		
Accounts receivable	(5,191)	-
Inventory	(2,825)	(700)
Accounts payable	4,277	324
Deferred income	96,272	33,906
Prepaid expenses	7,037	(7,995)
Goods and services tax payable	1,063	1,346
Prior period adjustments	-	(56,700)
Employee deductions payable	3,314	-
	<u>103,947</u>	<u>(29,819)</u>
INCREASE (DECREASE) IN CASH FLOW	120,704	(79,908)
Cash - beginning of year	<u>102,827</u>	<u>182,735</u>
CASH - END OF YEAR	\$ 223,531	\$ 102,827

See notes to financial statements

SUPPORT THROUGH HOUSING TEAM SOCIETY

Notes to Financial Statements

Year Ended December 31, 2020

1. DESCRIPTION OF OPERATIONS

The Support Through Housing Team Society was registered under the Societies Act of Alberta on October 21, 2009 and formally commenced operations on January 1, 2010, and is also a registered Charity. The Society provides a co-ordinated service to assist individuals with obtaining and maintaining housing. It is a non profit organization, and thus exempt from income taxes under Section 149(1)(e) of the Income Tax act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Financial assets measured at amortized cost include cash.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

When the Society issues financial instruments that include both a debt and equity component, the entire proceeds are allocated to the debt component, and the equity component is assigned a measurement amount of \$nil.

When financial instruments that include both a debt and an equity component are issued, the proceeds are allocated firstly to the component for which the fair value is more readily determinable, and the residual is allocated to the other component.

Preferred shares that would otherwise be classified as liabilities, are classified as equity when issued as part of certain tax planning arrangements.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances that are available for immediate use.

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SUPPORT THROUGH HOUSING TEAM SOCIETY

Notes to Financial Statements

Year Ended December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Inventory

Inventory is valued at cost with the cost being determined on a first-in, first-out basis.

Revenue recognition

The Society uses 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 reasonable assured.

Property and equipment

Property and equipment are expensed in the year acquired and accordingly no amortization is provided in the accounts. Nil (2019 - Nil).

Contributed services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Contributions

The Society receives contributions in the form of goods and services in kind. These contributions are recorded at their estimated fair value at the time of the contribution.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations (ASNFPO) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. DEFERRED REVENUE

	Opening balance	Received	Recognized	Closing balance
GOA CIP Operating Grant	\$ 24,992	\$ 75,000	\$ 24,992	\$ 75,000
United Way - COVID	-	68,000	30,094	37,906
United Way	8,914	145,800	138,112	16,602
Regional Municipality of Wood Buffalo	-	100,000	99,332	668
	<u>\$ 33,906</u>	<u>\$ 388,800</u>	<u>\$ 292,530</u>	<u>\$ 130,176</u>

SUPPORT THROUGH HOUSING TEAM SOCIETY

Notes to Financial Statements

Year Ended December 31, 2020

4. LEASE COMMITMENTS

The Society has entered into sublease agreements for the office and facilities for a period of 1 year and commenced September 1, 2020 and continues to August 31, 2021. Future repayments (including GST) are as follows:

Contractual obligation repayment schedule:

2021	\$ 14,735
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5. ECONOMIC DEPENDENCE

Like many not for profit organizations, The Support Through Housing Team Society is dependent on funding from various agencies and donations in order to provide services. The level of services performed is dependent on the level of funding obtained.

6. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of December 31, 2020.

(a) 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. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities. The Society is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant other price risks arising from these financial instruments.

SUPPORT THROUGH HOUSING TEAM SOCIETY

Notes to Financial Statements

Year Ended December 31, 2020

7. GOVERNMENT ASSISTANCE

Due to the negative economic impact of the COVID-19 pandemic, the Government of Canada released the Temporary Wage Subsidy for Employers (TWSE) program on March 2020.

The TWSE allows eligible employers to reduce the amount of payroll deductions they would otherwise be required to remit to the Canada Revenue Agency from March 18, 2020 to June 19, 2020.

The Company qualified for TWSE for the following periods in the fiscal year:

	<u>2020</u>
Period from March 7, 2020 to March 20, 2020	\$ 752
Period from March 21, 2020 to April 3, 2020	752
Period from April 4, 2020 to April 17, 2020	752
Period from April 18, 2020 to May 1, 2020	751
Period from May 2, 2020 to May 15, 2020	751
Period from May 16, 2020 to May 29, 2020	751
Period from May 30, 2020 to June 12, 2020	<u>682</u>
	<u>\$ 5,191</u>

As at December 31, 2020, the Society has yet to receive the full amount of TWSE for the year, with \$5,191 outstanding.

The entire TWSE subsidy relevant to the fiscal year has been recorded as government assistance revenue receivable by the Society during this period.

8. SUBSEQUENT EVENT

In early March of 2020, the COVID-19 virus was declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, could be severely impacted for months or more, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

9. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
