

SONSHINE SOCIETY OF CHRISTIAN COMMUNITY SERVICES
Financial Statements
Year Ended March 31, 2023

SONSHINE SOCIETY OF CHRISTIAN COMMUNITY SERVICES

Index to Financial Statements

Year Ended March 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Sonshine Society of Christian Community Services

Qualified Opinion

We have audited the financial statements of Sonshine Society of Christian Community Services (the organization), which comprise the statement of financial position as at March 31, 2023, 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 organization as at March 31, 2023, 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

In common with many not-for-profit organizations, Sonshine derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our audit of these revenues was limited to the amounts recorded in the records of Sonshine and we were not able to determine whether any adjustments might be necessary to donation revenues, excess of revenue over expenses, current assets and net assets. The predecessor auditor's opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation of 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 organization 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.

Other Matter

The financial statements for the year ended March 31, 2022 were audited by another auditor who expressed a qualified opinion on those financial statements on May 30, 2022 for the reasons described in the *Basis for Qualified Opinion* section.

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.

(continues)

Independent Auditor's Report to the To the Members of Sonshine Society of Christian Community Services *(continued)*

In preparing the financial statements, management is responsible for assessing the organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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 organization'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 organization'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 organization 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.

Calgary, Alberta
June 12, 2023


C&E LLP Chartered Professional Accountants

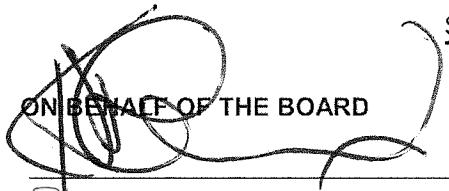
SONSHINE SOCIETY OF CHRISTIAN COMMUNITY SERVICES


Statement of Financial Position

March 31, 2023

| | Operating Fund | Capital Fund | 2023 | 2022 |
|--|---------------------|---------------------|---------------------|---------------------|
| ASSETS | | | | |
| CURRENT | | | | |
| Cash and deposits | \$ 1,022,984 | \$ - | \$ 1,022,984 | \$ 1,151,862 |
| Restricted cash | 699,640 | - | 699,640 | 74,427 |
| Accounts receivable | 62,348 | - | 62,348 | 202,485 |
| Goods and services tax recoverable | 19,940 | - | 19,940 | 31,477 |
| Prepaid | 11,178 | - | 11,178 | 10,517 |
| | 1,816,090 | - | 1,816,090 | 1,470,768 |
| INVESTMENT (Note 3) | 859,853 | - | 859,853 | 639,210 |
| PROPERTY, PLANT AND EQUIPMENT (Note 4) | - | 4,675,713 | 4,675,713 | 4,872,744 |
| | \$ 2,675,943 | \$ 4,675,713 | \$ 7,351,656 | \$ 6,982,722 |
| LIABILITIES AND NET ASSETS | | | | |
| CURRENT | | | | |
| Accounts payable and accrued liabilities | \$ 457,541 | \$ - | \$ 457,541 | \$ 382,912 |
| Callable debt | - | - | - | 54,210 |
| Deferred revenue (Note 5) | 699,640 | - | 699,640 | 74,427 |
| | 1,157,181 | - | 1,157,181 | 511,549 |
| DEFERRED CAPITAL CONTRIBUTIONS (Note 6) | - | 2,938,969 | 2,938,969 | 3,062,201 |
| | 1,157,181 | 2,938,969 | 4,096,150 | 3,573,750 |
| NET ASSETS | 1,518,762 | 1,736,744 | 3,255,506 | 3,408,972 |
| | \$ 2,675,943 | \$ 4,675,713 | \$ 7,351,656 | \$ 6,982,722 |

ON BEHALF OF THE BOARD





Director

Director

SONSHINE SOCIETY OF CHRISTIAN COMMUNITY SERVICES

Statement of Revenues and Expenditures

Year Ended March 31, 2023

| | Operating Fund 2023 | Capital Fund 2023 | 2023 | 2022 |
|--|------------------------|----------------------|---------------------|-------------------|
| REVENUES | | | | |
| Government funding (Note 7) | \$ 2,755,480 | \$ - | \$ 2,755,480 | \$ 2,377,522 |
| Programs | 2,654,694 | - | 2,654,694 | 1,240,911 |
| Fundraising | 770,608 | - | 770,608 | 895,123 |
| Accommodations | 182,736 | - | 182,736 | 193,825 |
| Amortization of deferred capital contributions | - | 123,233 | 123,233 | 128,700 |
| Interest and other income | 65,176 | - | 65,176 | 36,913 |
| Unrealized gain (loss) on investment | (4,618) | - | (4,618) | 12,541 |
| | <u>6,424,076</u> | <u>123,233</u> | <u>6,547,309</u> | <u>4,885,535</u> |
| EXPENSES | | | | |
| Dayhome educators costs | 3,079,028 | - | 3,079,028 | 1,329,793 |
| Direct program costs | 2,914,749 | - | 2,914,749 | 2,740,992 |
| Occupancy | 295,844 | - | 295,844 | 222,451 |
| Amortization | - | 207,197 | 207,197 | 214,760 |
| General and administrative | 149,495 | - | 149,495 | 110,082 |
| Interest on mortgages | - | 1,400 | 1,400 | 2,725 |
| Marketing and public relations | 53,062 | - | 53,062 | 39,241 |
| | <u>6,492,178</u> | <u>208,597</u> | <u>6,700,775</u> | <u>4,660,044</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | <u>\$ (68,102)</u> | <u>\$ (85,364)</u> | <u>\$ (153,466)</u> | <u>\$ 225,491</u> |

SONSHINE SOCIETY OF CHRISTIAN COMMUNITY SERVICES
Statement of Changes in Net Assets
Year Ended March 31, 2023

| | Operating Fund | Capital Fund | 2023 | 2022 |
|---|---------------------|---------------------|---------------------|---------------------|
| NET ASSETS - BEGINNING OF YEAR | \$ 1,652,640 | \$ 1,756,332 | \$ 3,408,972 | \$ 3,183,481 |
| Excess (deficiency) of revenues over expenses | (68,102) | (85,364) | (153,466) | 225,491 |
| Interfund transfer | (65,776) | 65,776 | - | - |
| NET ASSETS - END OF YEAR | <u>\$ 1,518,762</u> | <u>\$ 1,736,744</u> | <u>\$ 3,255,506</u> | <u>\$ 3,408,972</u> |

SONSHINE SOCIETY OF CHRISTIAN COMMUNITY SERVICES

Statement of Cash Flows

Year Ended March 31, 2023

| | 2023 | 2022 |
|---|---------------------|---------------------|
| OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenues over expenses | \$ (153,466) | \$ 225,491 |
| Items not affecting cash: | | |
| Amortization of capital assets | 207,197 | 214,760 |
| Unrealized gain (loss) on investment | 4,618 | (12,541) |
| Reinvested investment income | (25,261) | (28,259) |
| Amortization of deferred capital contributions | (123,233) | (128,700) |
| | (90,145) | 270,751 |
| Changes in non-cash working capital: | | |
| Accounts receivable | 140,137 | 319,328 |
| Accounts payable and accrued liabilities | 74,630 | (250,252) |
| Deferred revenue | 625,213 | 49,099 |
| Prepaid | (661) | (8,269) |
| Goods and services tax payable | 11,537 | (17,037) |
| | 850,856 | 92,869 |
| Cash flow from operating activities | 760,711 | 363,620 |
| INVESTING ACTIVITIES | | |
| Purchase of capital assets | (10,166) | (80,880) |
| Purchase of investment | (200,000) | - |
| Proceeds from redemption of guaranteed investment certificate | - | 500,000 |
| | (210,166) | 419,120 |
| Cash flow from (used by) investing activities | (210,166) | 419,120 |
| FINANCING ACTIVITY | | |
| Repayment of callable debt | (54,210) | (56,075) |
| | (54,210) | (56,075) |
| INCREASE IN CASH FLOW | 496,335 | 726,665 |
| Cash - beginning of year | 1,226,289 | 499,624 |
| CASH - END OF YEAR | \$ 1,722,624 | \$ 1,226,289 |
| CASH CONSISTS OF: | | |
| Cash and deposits | \$ 1,022,984 | \$ 1,151,862 |
| Restricted cash | 699,640 | 74,427 |
| | \$ 1,722,624 | \$ 1,226,289 |

SONSHINE SOCIETY OF CHRISTIAN COMMUNITY SERVICES

Notes to Financial Statements

Year Ended March 31, 2023

1. ORGANIZATION

Sonshine Society of Christian Community Services (Sonshine) motivated by the Christian faith seeks to help women and children transform their lives and envisions a community where women and children live safely in healthy families.

Sonshine provides safety through its 24 unit shelter; life transformation by providing counselling for women and children victims of family violence; meets the needs of children exposed to family violence and other emotional trauma with the Children's Centre, and operates a family day home agency.

Incorporated under the Societies Act of Alberta; Sonshine as a not-for-profit organization and as a registered charity is exempt from income tax and issues tax receipts for donations received.

The ongoing fulfillment of Sonshine's mission is dependent on its receiving donations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Board of Directors of Sonshine have had these financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations within reasonable limits of materiality using the accounting policies summarized below.

The Board of Directors of Sonshine have had these financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations within reasonable limits of materiality using the accounting policies summarized below.

Cash

Cash comprises daily interest bank accounts.

Fund accounting

Sonshine has established funds within the accounting and reporting systems as follows:

1. The Operating Fund reports the assets, liabilities, revenues and expenses related to Sonshine's program delivery and administrative activities.
2. The Capital Fund reports the assets, liabilities, revenues and expenses related to Sonshine's capital assets and capital campaign.

Revenue recognition

Unrestricted donations are recognized as revenue when received, restricted donations when the related expenses are incurred, shelter rent in the applicable month and fees when the service is provided.

Capital assets

Property and equipment is recorded at cost. Amortization is provided over the estimated useful lives of the assets by the declining balance method – buildings 4%; furniture and equipment - 20% and computer equipment - 30%.

Donated services

Volunteers donate time and expertise, as the fair value of these contributed services cannot easily be determined they are not recognized in these financial statements.

Financial instruments

Financial instruments including cash, investments, accounts receivable, accounts payable, deposits and callable debt are initially measured at fair value and subsequently at amortized cost, except the investment which is measured at fair value.

SONSHINE SOCIETY OF CHRISTIAN COMMUNITY SERVICES

Notes to Financial Statements

Year Ended March 31, 2023

3. INVESTMENT

An initial investment of \$500,000 in a fund managed by the Calgary Foundation is carried at fair value; the investment income and change in fair value are reported in the statement of operations. During the year, an additional \$200,000 was invested. The investment which is realizable on 60 days' notice, is considered as a long-term asset.

4. CAPITAL ASSETS

| | Cost | Accumulated amortization | 2023 Net book value | 2022 Net book value |
|------------------------|---------------------|-----------------------------|---------------------------|---------------------------|
| Land | \$ 500,000 | \$ - | \$ 500,000 | \$ 500,000 |
| Buildings | 7,335,566 | 3,288,470 | 4,047,096 | 4,212,715 |
| Furniture and fixtures | 526,124 | 397,507 | 128,617 | 160,029 |
| | <u>\$ 8,361,690</u> | <u>\$ 3,685,977</u> | <u>\$ 4,675,713</u> | <u>\$ 4,872,744</u> |

5. DEFERRED REVENUE

The deferred revenue reported relates to restricted funds received in the current and prior periods that are related to future periods as follows:

| | 2023 | 2022 |
|----------------------|-------------------|------------------|
| Capital projects | | |
| Government funding | \$ 555,283 | \$ - |
| Donations | 59,170 | - |
| | <u>614,453</u> | <u>-</u> |
| Casino fund | 5,223 | 2,778 |
| Emergency fund | 1,553 | 13,889 |
| Prepaid dayhome fees | - | 53,915 |
| Donations and other | 78,411 | 3,845 |
| | <u>\$ 699,640</u> | <u>\$ 74,427</u> |

6. DEFERRED CAPITAL CONTRIBUTIONS

Contributions received to pay for property and equipment are recorded as deferred capital contributions and amortized annually at the same rate and method used to amortize the asset purchased.

| | 2023 | 2022 |
|-----------------------------------|---------------------|---------------------|
| Balance, start of year | \$ 3,062,202 | \$ 3,190,902 |
| Amortized and recorded as revenue | (123,233) | (128,700) |
| Balance, end of year | <u>\$ 2,938,969</u> | <u>\$ 3,062,202</u> |

SONSHINE SOCIETY OF CHRISTIAN COMMUNITY SERVICES

Notes to Financial Statements

Year Ended March 31, 2023

7. GOVERNMENT FUNDING

| | <u>2023</u> | <u>2022</u> |
|---------------------------------------|---------------------|---------------------|
| Government of Alberta | \$ 2,446,490 | \$ 1,944,539 |
| Women Shelter Canada | 160,162 | 199,098 |
| Family and Community Support Services | 148,828 | 137,609 |
| | <u>\$ 2,755,480</u> | <u>\$ 2,281,246</u> |

8. FINANCIAL INSTRUMENTS

The organization 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 organization's risk exposure and concentration as of March 31, 2023.

Credit risk

Credit risk is the possibility of a counter party defaulting on their financial obligations. Sonshine's bank accounts totaling \$1,722,623 on March 31, 2023 were guaranteed by the Province of Alberta. The majority of the accounts receivable are for day home operations and due from the Province of Alberta with minimal credit risk; the remainder being parent fees and rent with a low credit risk.

Liquidity risk

Liquidity risk is the risk that Sonshine will not be able to meet its cash requirements as they come due or be able to liquidate its assets in a timely manner at reasonable prices. This risk is managed by the preparation of cash flow forecasts, using prudent cash management practices and by using daily interest bank accounts to earn a return while maintaining liquidity

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. Sonshine is mainly exposed to other price risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Sonshine is exposed to other price risk through its investment in the fund managed by the Calgary Foundation.

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

9. COMPARATIVE FIGURES

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






2022 2023 Audited Financials

Final Audit Report

2023-06-15

| | |
|-----------------|--|
| Created: | 2023-06-15 |
| By: | Sonshine Community (info@sonshine.ca) |
| Status: | Signed |
| Transaction ID: | CBJCHBCAABAAjoy9Vxve3NHVP5-G5IJ_KgHoL_wr-62I |

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