

NORTHREACH SOCIETY

Financial Statements

March 31, 2024



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INDEPENDENT AUDITORS' REPORT

To the Members of Northreach Society

Qualified Opinion

We have audited the financial statements of Northreach Society (the Society), which comprise the statement of financial position as at March 31, 2024, and the statements of changes in net assets, operations and cash flow 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, 2024, and the results of its operations and cash flow 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 charitable 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 fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2024 and 2023, current assets as at March 31, 2024 and 2023, and net assets as at April 1 and March 31 for both the 2024 and 2023 years.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Independent Auditors' 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 Auditors' Report to the Members of Northreach Society *(continued)*

Independent Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

Fletcher Moody & LLP

Grande Prairie, Alberta
September 26, 2024

Chartered Professional Accountants



NORTHREACH SOCIETY
Statement of Financial Position
March 31, 2024

	2024	2023
ASSETS		
CURRENT		
Cash (Note 3)	\$ 1,132,895	\$ 702,115
Accounts receivable (Note 4)	323,296	344,308
Prepaid expenses (Note 5)	43,054	34,988
	<u>1,499,245</u>	<u>1,081,411</u>
TANGIBLE CAPITAL ASSETS (Note 6)	65,934	92,996
	<u>\$ 1,565,179</u>	<u>\$ 1,174,407</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	\$ 925,137	\$ 992,030
Deferred revenue (Schedule 1)	378,303	98,540
	<u>1,303,440</u>	<u>1,090,570</u>
Unamortized capital contributions (Note 9)	62,722	89,603
	<u>1,366,162</u>	<u>1,180,173</u>
CONTINGENT LIABILITY (Note 10)		
NET ASSETS		
NET ASSETS (DEFICIT)	195,805	(9,159)
EQUITY IN TANGIBLE CAPITAL ASSETS	3,212	3,393
	<u>199,017</u>	<u>(5,766)</u>
	<u>\$ 1,565,179</u>	<u>\$ 1,174,407</u>

ON BEHALF OF THE BOARD

Christina Nelson President

[Signature] Member

Please see accompanying notes to financial statements

NORTHREACH SOCIETY
Statement of Changes in Net Assets
Year Ended March 31, 2024

	Net assets (deficit)	Equity in tangible capital assets	2024	2023
NET DEFICIT - BEGINNING OF YEAR	\$ (9,159)	\$ 3,393	\$ (5,766)	\$ (78,541)
Excess of revenue over expenses	204,783	-	204,783	72,775
Purchases of tangible capital assets	(815)	815	-	-
Amortization of tangible capital assets	27,877	(27,877)	-	-
Amortization of deferred capital contributions	(26,881)	26,881	-	-
NET ASSETS (DEFICIT) - END OF YEAR	\$ 195,805	\$ 3,212	\$ 199,017	\$ (5,766)

Please see accompanying notes to financial statements

NORTHREACH SOCIETY**Statement of Operations****Year Ended March 31, 2024**

	2024	2023
REVENUE		
Government Grant Funding <i>(Schedule 1)</i>	\$ 5,544,189	\$ 5,538,949
Donations and fundraising	183,669	21,109
Casino income	-	25,330
Interest income	66,891	38,617
Other income	15,683	15,122
Amortization of deferred capital contributions	26,881	38,401
	<u>5,837,313</u>	<u>5,677,528</u>
EXPENSES		
Advertising and promotion	10,360	8,874
Amortization	27,877	39,670
Client support	106,987	23,396
Insurance	36,805	30,661
Interest and bank charges	5,137	2,475
Office	67,657	150,745
Professional fees	37,970	65,740
Rental	202,639	212,728
Repairs and maintenance	39,125	11,445
Salaries and wages	4,347,419	4,393,093
Security	156,771	173,129
Sub-contracts	173,129	31,800
Supplies <i>(Note 12)</i>	355,119	363,682
Telephone	25,616	30,592
Travel	39,919	64,240
	<u>5,632,530</u>	<u>5,602,270</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	204,783	75,258
Other expenses		
Loss on disposal of tangible capital assets	-	(2,483)
EXCESS OF REVENUE OVER EXPENSES	\$ 204,783	\$ 72,775

Please see accompanying notes to financial statements

NORTHREACH SOCIETY**Statement of Cash Flow**
Year Ended March 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 204,783	\$ 72,775
Items not affecting cash:		
Amortization of tangible capital assets	27,877	39,670
Amortization of deferred capital contributions	(26,881)	(38,401)
Loss on disposal of tangible capital assets	-	2,483
	<u>205,779</u>	<u>76,527</u>
Changes in non-cash working capital:		
Accounts receivable	21,012	(59,105)
Prepaid expenses	(8,066)	(1,069)
Accounts payable and accrued liabilities	(66,893)	219,238
Deferred revenue	<u>279,763</u>	<u>(22,631)</u>
	<u>225,816</u>	<u>136,433</u>
Cash from operating activities	<u>431,595</u>	<u>212,960</u>
INVESTING ACTIVITY		
Purchase of tangible capital assets	<u>(815)</u>	<u>-</u>
INCREASE IN CASH	430,780	212,960
CASH - BEGINNING OF YEAR	<u>702,115</u>	<u>489,155</u>
CASH - END OF YEAR	\$ 1,132,895	\$ 702,115

Please see accompanying notes to financial statements

NORTHREACH SOCIETY**Notes to Financial Statements****Year Ended March 31, 2024****1. NATURE OF OPERATIONS**

Northreach Society (the "Society") is a not-for-profit organization incorporated under the Societies Act of Alberta and is a registered charity under the Income Tax Act. As a registered charity the Society is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act. The Society's registered charity number is 13146 5387 RR0001.

The Society operates to address the social determinants of health through innovation, collaboration, education, support and harm reduction. The Society provides wrap-around supports, addresses risks related to sexually transmitted and blood borne infections and responds to identified community needs. They aim to build a respectful, comprehensive and dignified network of support for all populations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

Cash and cash equivalents

Cash and cash equivalents consists solely of cash in bank.

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates:

Equipment	30%
Furniture and fixtures	20%
Motor vehicles	30%
Website costs	20%

In the year of acquisition, amortization is applied at half of normal rates.

The Society regularly reviews its tangible capital assets for sold or scrapped assets, at which time the cost and the related accumulated amortization are removed from the accounts and any resulting gain or loss on disposal is reflected in income. No amortization is recorded in the year of disposition.

Impairment of long-lived assets

For financial assets measured at cost or amortized cost, the Society determines whether there are indications of possible impairment. When there is an indication of impairment, and the Society determines a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess of revenues over expenditures. No impairment has been recognized, and thus, no impairment loss has been recognized in these financial statements.

Unamortized capital contributions

Contributions received for the purchase of tangible capital assets are deferred and amortized on the same basis as the asset acquired.

Equity in tangible capital assets

Equity in tangible capital assets represents the Society's net investments in tangible capital assets, after deducting any portion financed by third parties through long-term capital borrowing and unamortized capital contributions.

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NORTHREACH SOCIETY**Notes to Financial Statements****Year Ended March 31, 2024****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*Revenue recognition

Northreach 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.

Externally restricted contributions for the purchase of capital assets are recorded as deferred capital contributions and recognized as revenue on the same basis as the amortization expenditure related to the acquired capital assets.

Unrestricted investment income is recognized as revenue when earned.

Other income is recognized as revenue when services are provided or goods are exchanged.

Financial instruments

The Society recognizes a financial instrument when it becomes party to the contractual provisions of the financial instrument. The Society initially records financial instruments at their fair value.

In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. Any transaction costs are recognized in net income in the period incurred.

In subsequent periods, financial instruments without actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. Any transaction costs are recognized in net income in the period incurred.

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 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. Significant estimates include valuation of donated materials and services and amortization of tangible capital assets. 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. Certain amounts in the financial statements are subject to measurement uncertainty and are based on the Society's best information and judgment. Actual results could differ from these estimates.

3. CASH

Included in cash is restricted deferred revenue of \$363,367 (2023 - \$90,359) and Casino funds of \$32,578 (2023 - \$30,618). Alberta Gaming, Liquor and Cannabis restricts the use of the casino funds amount as outlined in the gaming and casino agreements.

4. ACCOUNTS RECEIVABLE

	2024	2023
Federal grants receivable <i>(Schedule 1)</i>	\$ 247,602	\$ 336,962
Provincial grants receivable <i>(Schedule 1)</i>	52,500	-
GST rebates receivable	7,673	6,140
Other receivables	15,521	1,206
	\$ 323,296	\$ 344,308

NORTHREACH SOCIETY
Notes to Financial Statements
Year Ended March 31, 2024

5. PREPAID EXPENSES

	2024	2023
Prepaid expenses	\$ 29,904	\$ 26,488
Security deposits	13,150	8,500
	<u>\$ 43,054</u>	<u>\$ 34,988</u>

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Furniture and fixtures	\$ 815	\$ 81	\$ 734	\$ -
Motor vehicles	455,534	391,164	64,370	91,958
Website costs	3,519	2,689	830	1,038
	<u>\$ 459,868</u>	<u>\$ 393,934</u>	<u>\$ 65,934</u>	<u>\$ 92,996</u>

7. CREDIT FACILITY

The Society has a credit facility with Bank of Montreal, which includes an approved operating line that can be drawn upon to a maximum of \$50,000, which bears interest at prime plus 1.75% and is secured by a General Security Agreement with a first ranking for accounts receivable, inventory and motor vehicles. The operating line was unused at March 31, 2024.

The Society also has corporate Mastercards with an aggregate limit of \$45,000 of which \$20,010 was unused at March 31, 2024.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Trade payable and accrued liabilities	\$ 379,899	\$ 324,309
Payroll remittances	59,443	53,428
Provincial grant repayments (<i>Schedule 1</i>)	452,731	507,104
Municipal grant repayments (<i>Schedule 1</i>)	-	85,349
Other grant repayments (<i>Schedule 1</i>)	33,064	21,840
	<u>\$ 925,137</u>	<u>\$ 992,030</u>

9. UNAMORTIZED CAPITAL CONTRIBUTIONS

	2024	2023
Contribution for capital - vehicles	\$ 439,047	\$ 439,047
Accumulated amortization	(376,325)	(349,444)
	<u>\$ 62,722</u>	<u>\$ 89,603</u>

NORTHREACH SOCIETY
Notes to Financial Statements
Year Ended March 31, 2024

10. CONTINGENT LIABILITY

The Society receives funding from various government contracts. Under the terms of such contracts, the Society could become liable for any unspent funds which would require repayment to the various governments. Any liability incurred would be accounted for as a current transaction in the year the repayment becomes necessary.

11. LEASE COMMITMENTS

The Society has real property and office space leases in Fort McMurray and Grande Prairie. The agreements expire October 31, 2023 and July 31, 2024 respectively. Future minimum lease payments as at year-end are as follows:

2025	\$ 34,000
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Subsequent to the year-end, the Society entered into a long term lease with respect to its premises in Grande Prairie that expires July 31, 2034. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at year end are as follows:

2025	\$ 73,389
2026	97,853
2027	97,853
2028	97,853
2029	97,853
Thereafter	513,725

12. NON-MONETARY FUNDING

The Society was provided non-cash contributions in the form of harm reduction supplies from AHS. These supplies are ordered as needed by the Society and are reported as government grant funding.

During the year, the Society obtained supplies with a value of \$218,548 (2023 - \$262,770).

13. 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 March 31, 2024.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Society is exposed to concentration of credit risk as it maintains all bank accounts at one financial institution. Balances in these accounts may exceed federally insured amounts. In the opinion of management, the credit risk exposure to the Society is low.

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.

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NORTHREACH SOCIETY

Notes to Financial Statements

Year Ended March 31, 2024

13. FINANCIAL INSTRUMENTS *(continued)*

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

14. ECONOMIC DEPENDENCE

The Society is economically dependent on grants from various government agencies and foundations to provide revenue to fund operations. The Society enters into annual contracts for its specific programs.

15. SUBSEQUENT EVENTS

Northreach Society and Helping Hands Society amalgamated subsequent to the March 31, 2024 year-end. They continue to operate as one society under the name Northreach Society.

NORTHEACH SOCIETY
Government Grant Funding
Year Ended March 31, 2024

(Schedule 1)

	Deferred revenue <i>March 31, 2023</i>	Program funds repayable <i>March 31, 2023</i>	Grants received <i>March 31, 2024</i>	Grants repaid <i>March 31, 2024</i>	Grants receivable <i>March 31, 2024</i>	Revenue recognized <i>March 31, 2024</i>	Program funds repayable <i>March 31, 2024</i>	Deferred revenue <i>March 31, 2024</i>
Community Action Fund	\$ -	\$ -	\$ -	\$ -	\$ 127,987	\$ (127,987)	\$ -	\$ -
Harm Reduction Fund	-	-	-	-	119,615	(119,615)	-	-
Substance Use and Addiction Program - Health Canada	-	-	921,522	-	-	(921,522)	-	-
Substance Use and Addiction Program - ACCH	-	-	397,342	-	-	(397,342)	-	-
Federal grant funding	-	-	1,318,864	-	247,602	(1,566,466)	-	-
Take Home Naloxone Program	-	6,867	296,250	-	-	(296,250)	(6,867)	-
Women's Health Organization	-	74,177	249,000	-	-	(249,000)	(74,177)	-
Sexually Transmitted Blood Borne Infections	90,359	-	720,816	-	-	(783,932)	(27,243)	-
Supervised Consumption Site Program	-	426,060	2,100,000	(426,060)	52,500	(1,755,556)	(344,444)	52,500
AHS Supplies Income <i>(Note 12)</i>	-	-	218,548	-	-	(218,548)	-	-
Mobile Syphilis and STBBI Program	-	-	400,000	-	-	(89,133)	-	310,867
Provincial grant funding	90,359	507,104	3,984,614	(426,060)	52,500	(3,392,419)	(452,731)	363,367
Youth Mentor Program	6,181	-	25,125	-	-	(24,931)	-	6,375
Coordinated Care Campus	-	85,349	447,176	(85,349)	-	(447,176)	-	-
Municipal grant funding	6,181	85,349	472,301	(85,349)	-	(472,107)	-	6,375
United Way	-	21,840	91,206	-	-	(79,982)	(33,064)	-
Dr. Peter Covid 19 Micro Grant	2,000	-	25,000	-	-	(18,439)	-	8,561
Other grants	-	-	14,776	-	-	(14,776)	-	-
Other grant funding	2,000	21,840	130,982	-	-	(113,197)	(33,064)	8,561
Total grant funding	\$ 98,540	\$ 614,293	\$ 5,906,761	\$ (511,409)	\$ 300,102	\$ (5,544,189)	\$ (485,795)	\$ 378,303

Please see accompanying notes to financial statements