

SMART RECOVERY ASSOCIATION - SRA
Financial Statements
Year Ended August 31, 2025

SMART RECOVERY ASSOCIATION - SRA

Index to Financial Statements

Year Ended August 31, 2025

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Revenues and Expenditures	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 9

INDEPENDENT AUDITOR'S REPORT

To the Members of SMART Recovery Association - SRA

Qualified Opinion

We have audited the financial statements of SMART Recovery Association - SRA (the "Association"), which comprise the statement of financial position as at August 31, 2025, 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 Association as at August 31, 2025, 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 charitable organizations, the Association derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

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 Association 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 August 31, 2024 were prepared by another practitioner and are unaudited.

Emphasis of Matter - Comparative Information

We draw attention to Note 1 to the financial statements which describes that SMART Recovery Association - SRA adopted ASNPO on September 1, 2024 with a transition date of September 1, 2023. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at August 31, 2024 and September 1, 2023, and the statements of revenues and expenditures, changes in net assets and cash flows for the year ended August 31, 2024 and related disclosures. Our opinion is not modified in respect of this matter.

We were not engaged to report on the comparative information, and as such, it is unaudited.

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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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditor's Report to the Members of SMART Recovery Association - SRA (*continued*)

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
December 2, 2025


Seniuk and Marcato,
Chartered Professional Accountants

SMART RECOVERY ASSOCIATION - SRA**Statement of Financial Position****August 31, 2025**

	<i>August 31 2025</i>	<i>August 31 2024 (Unaudited)</i>	<i>September 1 2023 (Unaudited)</i>
ASSETS			
CURRENT			
Cash	\$ 26,830	\$ 3,112	\$ 6,812
Grants receivable	10,000	-	-
Prepaid expenses	5,680	-	-
	\$ 42,510	\$ 3,112	\$ 6,812
LIABILITIES AND NET ASSETS			
CURRENT			
Accounts payable	\$ 6,060	\$ 975	\$ 975
Deferred income <i>(Note 5)</i>	10,000	-	-
	16,060	975	975
NET ASSETS	26,450	2,137	(5,837)
	\$ 42,510	\$ 3,112	\$ (4,862)

ON BEHALF OF THE BOARD_____*Director*_____*Director*

The accompanying notes form an integral part of these financial statements

SMART RECOVERY ASSOCIATION - SRA
Statement of Revenues and Expenditures
Year Ended August 31, 2025

	2025	2024 (Unaudited)
REVENUES		
Donations	\$ 54,911	\$ 3,543
EXPENSES		
Accounting and audit fees	3,860	1,888
Advertising and promotion	3,646	2,807
Consulting fees	3,225	-
Legal fees	7,407	-
Insurance	858	-
Interest and bank charges	77	59
Contracted services	7,635	-
Office	2,228	1,076
Training	854	1,413
Travel	808	-
	30,598	7,243
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 24,313	\$ (3,700)

The accompanying notes form an integral part of these financial statements

SMART RECOVERY ASSOCIATION - SRA**Statement of Changes in Net Assets****Year Ended August 31, 2025**

	2025	2024 (Unaudited)
NET ASSETS - BEGINNING OF YEAR	\$ 2,137	\$ 5,837
EXCESS OF REVENUES OVER EXPENSES	24,313	(3,700)
NET ASSETS - END OF YEAR	\$ 26,450	\$ 2,137

The accompanying notes form an integral part of these financial statements

SMART RECOVERY ASSOCIATION - SRA**Statement of Cash Flows****Year Ended August 31, 2025**

	2025	2024 (Unaudited)
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 24,313	\$ (3,700)
Changes in non-cash working capital:		
Grants receivable	(10,000)	-
Accounts payable	5,085	-
Deferred income	10,000	-
Prepaid expenses	(5,680)	-
	(595)	-
INCREASE (DECREASE) IN CASH FLOW	23,718	(3,700)
Cash - beginning of year	3,112	6,812
CASH - END OF YEAR	\$ 26,830	\$ 3,112
CASH CONSISTS OF:		
Cash	\$ 26,830	\$ 3,112

The accompanying notes form an integral part of these financial statements

SMART RECOVERY ASSOCIATION - SRA

Notes to Financial Statements

Year Ended August 31, 2025

1. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year the Association adopted Canadian accounting standards for not-for-profit organizations (ASNPO). These financial statements are the first prepared in accordance with these standards. The changes have been applied retrospectively, resulting in changes to beginning equity and restatement of certain assets and liabilities as described below.

2. PURPOSE OF THE ASSOCIATION

SMART Recovery Association - SRA (the "Association") is a not-for-profit organization of Alberta. As a registered charity the Association is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The Association operates to provide tools and support for people struggling with substance use and behavioural addictions through peer-supporting meetings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the Association's best information and judgment. Actual results could differ from these estimates.

Significant estimates include:

- estimated accrued receivables;
- estimated prepaid expenses;
- estimated accrued payables; and
- estimated deferred revenue.

Financial instruments

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 unrealised 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 on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Fund accounting

The Association follows the deferral method of accounting for contributions.

Revenues and expenses related to program delivery and administrative activities are reported in the Operating fund.

Cash and cash equivalents

Cash and cash equivalents consist of cash and is not subject to significant risk of changes in value.

Capital assets

Capital assets are expensed as acquired as they do not meet the total \$500,000 capitalization threshold as required by Canadian accounting standards for not-for-profit organizations (ASNPO).

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SMART RECOVERY ASSOCIATION - SRA

Notes to Financial Statements

Year Ended August 31, 2025

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

Revenue recognition

Donations

Donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Grant funding

Grant funding from government and non-government agencies for program funding are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated, collection is reasonably assured, and has complied with all the necessary conditions to obtain the grants. Any amounts that do not have a corresponding expenditure are deferred.

Contributed services

The operations of the organization depend on the contribution of time by volunteers. The fair value cannot be reasonably determined and are therefore not reflected in these financial statements.

4. FINANCIAL INSTRUMENTS

The Association 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 Association's risk exposure and concentration as of August 31, 2025.

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from its grant funders and other related sources and accounts payable.

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

5. DEFERRED REVENUE

Deferred revenue represents unspent resources externally restricted for future operating purposes received in the current period that are related to the subsequent period. Deferred revenue is comprised of:

	2025	2024
Deferred revenue, beginning of year	\$ -	\$ -
Plus: Grant amount receivable from CN Rail	10,000	-
Less: Amount recognized as revenue in the year	-	-

Note, unexpended funds related to deferred revenues less receivables are supported by restricted cash held exclusively for future expenses related to these revenues.