

**SIMON HOUSE RESIDENCE SOCIETY**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

**SIMON HOUSE RESIDENCE SOCIETY**  
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**DECEMBER 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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### **To the Directors of Simon House Residence Society**

#### *Opinion*

We have audited the financial statements of Simon House Residence Society (the "Society"), which comprise the statement of financial position as at December 31, 2023, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Simon House Residence Society as at December 31, 2023, and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

#### *Basis for Opinion*

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 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 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

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## INDEPENDENT AUDITOR'S REPORT, continued

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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.

*Baker Tilly Catalyst LLP*

**CALGARY, ALBERTA  
APRIL 9, 2024**

**CHARTERED PROFESSIONAL  
ACCOUNTANTS**

**SIMON HOUSE RESIDENCE SOCIETY**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 508,996	\$ 497,384
Accounts receivable	31,400	19,480
Goods and services tax receivable	9,619	6,882
Prepaid expenditures	44,403	18,157
Short-term investments (Note 3)	764,520	100,000
	1,358,938	641,903
<b>Long-term investments</b>	-	632,000
<b>Capital assets (Note 4)</b>	2,176,629	2,005,421
	2,176,629	2,637,421
	\$ 3,535,567	\$ 3,279,324
<b>Liabilities and net assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 159,219	\$ 143,376
Deferred contributions (Note 5)	267,897	197,803
Current portion of CEBA loan payable	-	40,000
	427,116	381,179
<b>Deferred capital contributions (Note 6)</b>	172,764	-
	599,880	381,179
<b>Net assets</b>		
Investment in capital assets	2,003,865	2,005,421
Internally restricted	764,520	732,000
Unrestricted surplus	167,302	160,724
	2,935,687	2,898,145
	\$ 3,535,567	\$ 3,279,324

Approved on behalf of the Board

*Michael Cullen*

Director

*Patrick Merz*

Director

**SIMON HOUSE RESIDENCE SOCIETY**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>Revenues</b>		
Program fees	\$ 2,254,041	\$ 2,193,912
Gaming and casino revenue (Note 5)	301,464	107,321
Grants	299,313	277,503
Donations	199,419	162,969
Fundraising income (Note 8)	96,378	86,804
	<u>3,150,615</u>	<u>2,828,509</u>
<b>Expenditures</b>		
Salaries and related benefits	2,051,873	1,892,298
Food costs and supplies	251,630	231,073
Fundraising expenses: stonewall (Note 8)	152,147	66,259
Consulting fees	142,093	96,376
Utilities	113,941	117,690
Office	107,751	104,106
Program expenditures	54,960	50,913
Insurance	54,609	54,620
Repairs and maintenance	50,935	64,919
Vehicle	49,690	37,199
Professional fees	40,445	48,711
Amortization (Note 4)	31,134	37,128
Fundraising development (Note 8)	18,065	50,956
Supplies	14,762	16,735
GST expenditures	7,823	6,856
Interest and bank charges	3,735	3,243
	<u>3,145,593</u>	<u>2,879,082</u>
<b>Excess (deficiency) of revenues over expenditures before other income</b>	<u>5,022</u>	<u>(50,573)</u>
<b>Other income</b>		
Interest income	32,520	180
Gain on sale of capital assets	-	202,841
	<u>32,520</u>	<u>203,021</u>
<b>Excess of revenues over expenditures for the year</b>	<u>\$ 37,542</u>	<u>\$ 152,448</u>

The accompanying notes are an integral part of the financial statements

**SIMON HOUSE RESIDENCE SOCIETY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Unrestricted Surplus	Investment in Capital Assets	Internally Restricted	2023	2022
<b>Net Assets - Beginning of year</b>	\$ 160,724	\$ 2,005,421	\$ 732,000	\$ 2,898,145	\$ 2,745,697
<b>Excess (deficiency) of revenues over expenditures</b>	68,674	(31,132)	-	37,542	152,448
<b>Interfund transfers (Note 7)</b>	(62,096)	29,576	32,520	-	-
<b>Net Assets - End of year</b>	<u>\$ 167,302</u>	<u>\$ 2,003,865</u>	<u>\$ 764,520</u>	<u>\$ 2,935,687</u>	<u>\$ 2,898,145</u>

The accompanying notes are an integral part of the financial statements

**SIMON HOUSE RESIDENCE SOCIETY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities</b>		
Excess of revenues over expenditures for the year	\$ 37,542	\$ 152,448
Adjustments for		
Amortization	44,078	37,128
Deferred capital contribution amortization	(12,944)	-
Gain on disposal of capital assets	-	(202,841)
	68,676	(13,265)
 Change in non-cash working capital items		
Accounts receivable	(11,920)	22,807
Goods and services tax	(2,737)	2,110
Prepaid expenditures	(26,246)	(12,001)
Accounts payable and accrued liabilities	15,839	(24,148)
Deferred contributions	70,094	126,848
	113,706	102,351
 <b>Cash flows from investing activities</b>		
Purchase of capital assets	(215,282)	(32,659)
Proceeds on disposal of capital assets	-	732,000
Proceeds on disposal of investment	100,000	40,000
Purchase of investments	(132,520)	(732,000)
	(247,802)	7,341
 <b>Cash flows from financing activities</b>		
Proceeds from deferred capital contributions	185,708	-
Repayment of CEBA loan	(40,000)	-
	145,708	-
 <b>Increase in cash</b>	11,612	109,692
<b>Cash, beginning of year</b>	497,384	387,692
 <b>Cash, end of year</b>	\$ 508,996	\$ 497,384
 <b>Cash consists of:</b>		
Unrestricted	\$ 241,099	\$ 299,581
Restricted (Note 5)	267,897	197,803
	\$ 508,996	\$ 497,384

The accompanying notes are an integral part of the financial statements



**SIMON HOUSE RESIDENCE SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**1. Nature of operations**

Simon House Residence Society (the "Society") is a non-profit organization providing residential treatment services for men in the community to help them achieve long-term recovery from addiction. The Society is registered as a charity and is incorporated under the Societies Act of the Province of Alberta. The Society is exempt from taxes pursuant to section 149(1)(l) of the Income Tax Act.

**2. Significant accounting policies**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

**(a) Cash**

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the report date.

**(b) Capital assets**

Capital assets are recorded at cost less accumulated amortization. The Society provides for amortization using the declining balance method at rates designed to amortize the cost of the capital assets over their estimated useful lives. One half of the year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal. The annual amortization rates are as follows:

Buildings	1%
Furniture and equipment	20%
Vehicles	30%
Computer equipment	30%

Capital assets are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

**SIMON HOUSE RESIDENCE SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**2. Significant accounting policies, continued**

**(c) Revenue recognition**

The Society follows the deferral method of accounting for contributions.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Externally restricted contributions include; casino income, bingo income and grant income. Casino income is subject to external restrictions established by the Alberta Gaming and Liquor Commission.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collected is reasonably assured. Unrestricted contributions include; program fees and donations.

**(d) Internally restricted reserve**

The internally restricted reserve has been put in place by the Board of Directors of the Society to cover any unexpected costs to the Society in order to ensure its continued operations. The funds are internally restricted by means of deposit into Guaranteed Investment Certificates as described in Note 3 to these financial statements.

**(e) Contributed materials and services**

The operations of the Society depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

**(f) Measurement uncertainty**

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates include: estimated useful lives of capital assets and deferred capital contributions. Actual results may differ from management's best estimates as additional information becomes available in the future.

**SIMON HOUSE RESIDENCE SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**2. Significant accounting policies, continued**

**(g) Financial instruments**

**(i) Measurement of financial instruments**

The Society initially measures its financial assets and liabilities at fair value.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, short-investments and accounts receivable.

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

The society has not designated any financial asset or financial liability to be measured at at fair value.

**(ii) Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

**3. Short-term Investments**

Short-term investments are comprised of two Guaranteed Investment Certificates ("GIC's") which bear interest between 4.75% of 5.35% per annum and mature between April 30, 2024 and November 30, 2024.

**SIMON HOUSE RESIDENCE SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

4. **Capital assets**

	Cost	Accumulated Amortization	2023 Net Book Value	2022 Net Book Value
Buildings	\$ 1,501,841	\$ 194,139	\$ 1,307,702	\$ 1,241,627
Land	689,137	-	689,137	689,137
Furniture and equipment	470,599	314,640	155,959	52,662
Computer equipment	100,383	78,498	21,885	19,215
Vehicles	48,680	46,734	1,946	2,780
	<u>\$ 2,810,640</u>	<u>\$ 634,011</u>	<u>\$ 2,176,629</u>	<u>\$ 2,005,421</u>

The fair market value of the land and building at December 31, 2023 is \$3,282,000 (2022 - \$3,111,500) per the City of Calgary property assessments.

Amortization of capital assets is \$44,078 and deferred capital contributions is \$12,944 (Note 6).

5. **Deferred contributions**

	Balance, Beginning	Contributions	Contributions Utilized	Balance, Ending
Casino income	\$ 27,467	\$ 82,395	\$ (27,491)	\$ 82,371
Bingo income	102,478	207,275	(273,973)	35,780
United Way	-	100,000	(36,010)	63,990
Civil society	9,253	100,000	(80,427)	28,826
Stonewall	-	26,295	-	26,295
City of Calgary	-	25,250	-	25,250
Job grant	-	3,993	-	3,993
Beds for brothers	55,279	21,863	(75,750)	1,392
Restricted donation	3,326	-	(3,326)	-
	<u>\$ 197,803</u>	<u>\$ 567,071</u>	<u>\$ (496,977)</u>	<u>\$ 267,897</u>

**SIMON HOUSE RESIDENCE SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**6. Deferred capital contributions**

	<b>2023</b>
Opening balance	\$ -
Contributions during the year	185,708
Deferred capital contribution amortization	(12,944)
	<b>\$ 172,764</b>

**7. Interfund transfers**

During the year, \$32,520 of interest received on funds already internally restricted was transferred from the unrestricted surplus to the internally restricted funds for short-term and long-term investments restricted for Board priorities (see Note 3)

Also during the year, \$29,576 was transferred from the unrestricted surplus to the investment in capital assets for capital purchases.

**8. Charitable Fundraising Act of Alberta**

Gross contributions received were \$96,378 (2022 - \$86,804).

Gross contributions received were used in accordance with the internal and external restrictions imposed by the donor's request and the Society's disbursement policies. Undesignated donations are allocated for use by the Board of Directors of the Society.

All expenditures incurred, directly and indirectly, for the purpose of soliciting contributions were \$18,065 (2022 - \$50,956). No remuneration was paid for fundraising activities.

**9. Comparative figures**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

**SIMON HOUSE RESIDENCE SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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10. **Financial instruments**

The Society is exposed to various financial risks through transactions in financial instruments. The following provides helpful information in assessing the extent of the Society's exposure to these risks.

(a) **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's main credit risk relates to its accounts receivable.

(b) **Liquidity risk**

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

(c) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed-rate financial instruments subject the Society to a fair value risk.

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