

SIMON HOUSE RESIDENCE SOCIETY
Financial Statements
Year Ended December 31, 2015

SIMON HOUSE RESIDENCE SOCIETY
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Year Ended December 31, 2015

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CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Simon House Residence Society

We have audited the accompanying financial statements of Simon House Residence Society, which comprise the statement of financial position as at December 31, 2015 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the society 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 society 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.

(continues)

Independent Auditor's Report to the Directors of Simon House Residence Society (continued)

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the contributions referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of Simon House Residence Society as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Calgary, Alberta
May 25, 2016


Cremers & Elliott
CHARTERED ACCOUNTANTS

SIMON HOUSE RESIDENCE SOCIETY

Statement of Financial Position

December 31, 2015

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT		
Cash	\$ 190,073	\$ 488,866
Accounts receivable	85,392	40,289
Goods and services tax recoverable	11,733	14,506
Prepaid expenses	4,236	2,991
	<u>291,434</u>	546,652
PROPERTY AND EQUIPMENT <i>(Note 3)</i>	<u>3,019,507</u>	3,003,911
	<u>\$ 3,310,941</u>	<u>\$ 3,550,563</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 29,739	\$ 29,301
Vehicle loan	4,335	-
	<u>34,074</u>	29,301
NET ASSETS		
Unrestricted net assets	261,695	517,351
Invested in property and equipment	3,015,172	3,003,911
	<u>3,276,867</u>	3,521,262
	<u>\$ 3,310,941</u>	<u>\$ 3,550,563</u>

ON BEHALF OF THE BOARD

_____ Director

_____ Director

CREMERS & ELLIOTT
CHARTERED ACCOUNTANTS

SIMON HOUSE RESIDENCE SOCIETY
Statement of Revenues and Expenditures
Year Ended December 31, 2015

	2015	2014
REVENUES		
Room and board	\$ 753,428	\$ 690,998
Donations	268,416	398,386
United Way	196,937	163,808
Casino/Bingo receipts	100,675	148,165
Golf tournament donation	41,503	100,000
Interest and other income	3,786	13,602
	<u>1,364,745</u>	<u>1,514,959</u>
EXPENDITURES		
Salaries and wages	1,008,069	924,835
Food and household supplies	130,688	147,100
Office and program supplies	97,702	109,400
Utilities	83,062	83,593
Repairs and maintenance	60,286	168,893
Insurance	41,872	49,130
Professional fees	36,241	18,565
Amortization	34,137	28,675
Bad debt	32,136	6,348
Fund raising expenses	26,935	10,193
Golf tournament expenses	20,395	39,067
Travel and vehicle	16,179	29,376
GST	11,733	14,525
Bank charges and mortgage interest	9,705	9,865
	<u>1,609,140</u>	<u>1,639,565</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ (244,395)</u>	<u>\$ (124,606)</u>

SIMON HOUSE RESIDENCE SOCIETY
Statement of Changes in Net Assets
Year Ended December 31, 2015

	Unrestricted Balance	Invested in Property and Equipment	2015	2014
NET ASSETS - BEGINNING OF YEAR	\$ 517,351	\$ 3,003,911	\$ 3,521,262	\$ 3,645,868
Deficiency of revenues over expenditures	(244,395)	-	(244,395)	(124,606)
Amortization	34,137	(34,137)	-	-
Fund transfer	4,336	(4,336)	-	-
Purchase of assets	(49,734)	49,734	-	-
NET ASSETS - END OF YEAR	\$ 261,695	\$ 3,015,172	\$ 3,276,867	\$ 3,521,262

SIMON HOUSE RESIDENCE SOCIETY**Statement of Cash Flows****Year Ended December 31, 2015**

	2015	2014
OPERATING ACTIVITIES		
Net deficiency	\$ (244,395)	\$ (124,606)
Item not affecting cash:		
Amortization	34,137	28,676
	<u>(210,258)</u>	<u>(95,930)</u>
Changes in non-cash working capital:		
Accounts receivable	(45,103)	(7,399)
Accounts payable	439	14,794
Prepaid expenses	(1,245)	31,092
GST payable (receivable)	2,773	(4,244)
	<u>(43,136)</u>	<u>34,243</u>
Cash flow used by operating activities	<u>(253,394)</u>	<u>(61,687)</u>
INVESTING ACTIVITIES		
Additions to property and equipment	(49,734)	-
Proceeds from equipment sale	-	1,211
Cash flow from (used by) investing activities	<u>(49,734)</u>	<u>1,211</u>
FINANCING ACTIVITIES		
Proceeds from vehicle loan	7,361	-
Repayment of vehicle loan	(3,026)	-
Cash flow from financing activities	<u>4,335</u>	<u>-</u>
DECREASE IN CASH FLOW	(298,793)	(60,476)
CASH - Beginning of year	<u>488,866</u>	<u>549,342</u>
CASH - End of year	\$ 190,073	\$ 488,866

SIMON HOUSE RESIDENCE SOCIETY

Notes to Financial Statements

Year Ended December 31, 2015

1. DESCRIPTION OF OPERATIONS

The Society is a non-profit organization providing rehabilitation services to the community. The Society is registered as a charity and is incorporated under the Societies Act of the Province of Alberta. The Society is exempt from income taxes pursuant to section 149(1)(l) of the Income Tax Act. Accordingly, no provision for income taxes has been provided for in these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The 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. In kind donations received are recorded as revenue when the fair value of the donations can be reasonably determined.

Property and equipment

Property and equipment are stated at cost less accumulated amortization, and are amortized over their estimated useful lives at the following rates and methods:

Buildings	1%	declining balance method
Motor vehicles	30%	declining balance method
Computer equipment	30%	declining balance method
Computer software	100%	declining balance method
Furniture and equipment	20%	declining balance method

The Society regularly reviews its property and equipment to eliminate obsolete items. Additions over \$2,500 are capitalized. Government grants are treated as a reduction of the asset cost. Buildings are depreciated at 1% beginning in 2013.

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

SIMON HOUSE RESIDENCE SOCIETY

Notes to Financial Statements

Year Ended December 31, 2015

3. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Land	\$ 1,081,000	\$ -	\$ 1,081,000	\$ 1,081,000
Buildings	2,008,657	137,434	1,871,223	1,890,125
Furniture and Equipment	245,201	225,771	19,430	24,284
Motor vehicles	55,169	10,614	44,555	4,540
Computer equipment	46,324	43,550	2,774	3,962
Computer software	7,046	6,521	525	-
	\$ 3,443,397	\$ 423,890	\$ 3,019,507	\$ 3,003,911

4. BANK LINE OF CREDIT

The Society has a line of credit with a Canadian chartered bank. The credit is secured by land and buildings and can be drawn up to \$400,000 with an interest rate at the bank's prime lending rate plus 2%. No drawings were made during the year.

5. 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, 2015.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The society is exposed to credit risk from clients. In order to reduce its credit risk, the society reviews a new client's credit history before extending credit and conducts regular reviews of its existing clients' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The society has a significant number of clients which minimizes concentration of credit risk.

Liquidity risk

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

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. The society is mainly exposed to other price risk.

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 has limited exposure to interest rate risk currently.

SIMON HOUSE RESIDENCE SOCIETY

Notes to Financial Statements

Year Ended December 31, 2015

6. COMPARATIVE FIGURES

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