

**SIMON HOUSE RESIDENCE SOCIETY**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**SIMON HOUSE RESIDENCE SOCIETY**  
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**DECEMBER 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

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

#### *Qualified 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, 2021, 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, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of Simon House Residence Society as at December 31, 2021, 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.

#### *Basis for Qualified Opinion*

In common with many not-for-profit 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 Simon House Residence Society. Therefore, we were unable to determine whether any adjustments might be necessary to revenue, excess of revenues over expenditures, and cash flows from operations for the years ended December 31, 2021, and current assets and net assets as at December 31, 2021.

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 Simon House Residence 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 qualified opinion.

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## INDEPENDENT AUDITOR'S REPORT, continued

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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 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 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.

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**INDEPENDENT AUDITOR'S REPORT, continued**

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- ♦ 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 12, 2022**

**CHARTERED PROFESSIONAL  
ACCOUNTANTS**

**SIMON HOUSE RESIDENCE SOCIETY**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2021**

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 387,692	\$ 222,945
Accounts receivable	42,287	91,398
Goods and services tax receivable	8,992	6,700
Prepaid expenses	6,156	920
Short-term investment (Note 3)	40,000	-
	485,127	321,963
<b>Capital assets (Note 4)</b>	<b>2,539,049</b>	<b>2,515,964</b>
	<b>\$ 3,024,176</b>	<b>\$ 2,837,927</b>
<b>Liabilities and net assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 167,524	\$ 55,644
Deferred contributions (Note 6)	70,955	86,633
	238,479	142,277
<b>CEBA loan payable (Note 7)</b>	<b>40,000</b>	<b>30,000</b>
	278,479	172,277
<b>Net assets</b>		
Investment in capital assets	2,539,049	2,515,964
Unrestricted surplus	206,648	149,686
	2,745,697	2,665,650
	<b>\$ 3,024,176</b>	<b>\$ 2,837,927</b>

**Impact of COVID-19 pandemic (Note 8)**

Approved on behalf of the Board  
*Patrick Merz*  
 \_\_\_\_\_ Director

**SIMON HOUSE RESIDENCE SOCIETY**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>2021</b>	<b>2020</b>
<b>Revenues</b>		
Program fees	\$ 1,422,268	\$ 858,548
Grants	377,062	246,134
Donations	163,829	230,519
Gaming and casino revenue	86,092	126,174
	2,049,251	1,461,375
<b>Expenditures</b>		
Salaries and related benefits	1,370,193	927,384
Food costs and supplies	170,630	124,221
Utilities	108,955	91,832
Office	75,928	55,276
Consulting fees	58,571	77,990
Insurance	55,288	60,120
Repairs and maintenance	51,619	33,234
Amortization	37,113	31,331
Program expenditures	30,987	20,539
Professional fees	21,174	17,353
Bad debts	16,137	9,047
GST expenditures	8,939	6,700
Supplies	7,557	7,149
Vehicle	7,519	10,074
Promotional expenditures	3,846	11,495
Interest and bank charges	2,982	11,986
	2,027,438	1,495,731
	21,813	(34,356)
<b>Other income (expenditure)</b>		
Government assistance (Note 7)	58,234	243,198
Gain on sale of capital assets	-	7,641
	58,234	250,839
<b>Excess of revenues over expenditures for the year</b>	<b>\$ 80,047</b>	<b>\$ 216,483</b>

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, 2021**

	Unrestricted Investment in		2021	2020
	Surplus (Deficit)	Capital Assets		
<b>Net Assets - Beginning of year</b>	\$ 149,686	\$ 2,515,964	\$ 2,665,650	\$ 2,449,167
<b>Excess (deficiency) of revenues over expenditures</b>	117,161	(37,114)	80,047	216,483
<b>Net investment in capital assets</b>	(60,199)	60,199	-	-
<b>Net Assets - End of year</b>	<u>\$ 206,648</u>	<u>\$ 2,539,049</u>	<u>\$ 2,745,697</u>	<u>\$ 2,665,650</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, 2021**

	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>		
Excess of revenues over expenditures for the year	\$ 80,047	\$ 216,483
Adjustments for		
Amortization	37,113	31,331
Gain on disposal of capital assets	-	(7,641)
	117,160	240,173
Change in non-cash working capital items		
Accounts receivable	49,111	(46,743)
Prepaid expenses	(5,236)	(920)
Accounts payable and accrued liabilities	111,881	(13,331)
Goods and services tax	(2,292)	936
Deferred contributions	(15,678)	6,046
	254,946	186,161
<b>Cash flows from investing activities</b>		
Purchase of capital assets	(60,199)	(38,237)
Purchase of short-term investment	(40,000)	-
Proceeds on disposal of capital assets	-	16,500
	(100,199)	(21,737)
<b>Cash flows from financing activities</b>		
CEBA loan advance	10,000	30,000
Repayment of line of credit	-	(120,959)
	10,000	(90,959)
<b>Increase in cash</b>	164,747	73,465
<b>Cash, beginning of year</b>	222,945	149,480
<b>Cash, end of year</b>	\$ 387,692	\$ 222,945
<b>Cash consists of:</b>		
Unrestricted	\$ 316,737	\$ 136,312
Restricted (Note 6)	70,955	86,633
	\$ 387,692	\$ 222,945

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, 2021**

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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 income taxes pursuant to section 149(1)(l) of the Income Tax Act except for investment income earned in excess of \$2,000.

**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%
Motor 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, 2021**

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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 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, donations, bingo revenue, and fundraising.

**(d) 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.

**(e) Government assistance**

Government assistance includes subsidies and loans associated with the COVID-19 pandemic support initiatives, and is recognized when there is reasonable assurance the Society has complied with terms and conditions of the approved government program and that the assistance will be received.

Government assistance related to an expenditure item is recognized as other revenue in the period in which the subsidy is received. Government assistance related to forgiven loan balances are recognized as other revenue when the loan is received.

Government assistance recorded in current and prior periods is subject to government review, which could result in future adjustments to income.

**(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. 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, 2021**

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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 cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in in the period incurred.

Financial assets measured at amortized cost on a straight-line basis include cash and accounts receivable..

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities and CEBA loan payable.

(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 investment**

The short-term investment is comprised of a 1-year Guaranteed Investment Certificate ("GIC"). The GIC bears interest at 0.45% per annum and matures on December 2, 2022.

**SIMON HOUSE RESIDENCE SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

4. **Capital assets**

	Cost	Accumulated Amortization	2021 Net Book Value	2020 Net Book Value
Buildings	\$ 1,764,430	\$ 210,767	\$ 1,553,663	\$ 1,542,481
Land	918,850	-	918,850	918,850
Motor vehicles	318,106	278,358	39,748	42,916
Computer equipment	83,771	61,849	21,922	4,764
Vehicles	48,679	43,813	4,866	6,953
	<u>\$ 3,133,836</u>	<u>\$ 594,787</u>	<u>\$ 2,539,049</u>	<u>\$ 2,515,964</u>

The fair market value of the land and building at December 31, 2021 is \$3,272,500 (2020 - \$3,188,500) per the City of Calgary property assessments.

5. **Line of credit**

The Society has access to a \$400,000 line of credit with a Canadian chartered bank. The facility is secured by the land and buildings and bears interest at the bank's prime lending rate plus 2%.

As at December 31, 2021, the Society has no amount drawn on this credit facility (2020 - nil).

6. **Deferred contributions**

	Balance, Beginning	Contributions	Contributions Utilized	Balance, Ending
COVID-19 support	\$ -	\$ 227,287	\$ (170,465)	\$ 56,822
Ecclesiastical grant	-	10,000	-	10,000
Restricted donation	-	4,133	-	4,133
Casino income	3,433	-	(3,433)	-
Alberta Government	68,200	-	(68,200)	-
The Calgary Foundation	15,000	-	(15,000)	-
	<u>\$ 86,633</u>	<u>\$ 241,420</u>	<u>\$ (257,098)</u>	<u>\$ 70,955</u>

**SIMON HOUSE RESIDENCE SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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**7. Government assistance**

In an attempt to mitigate the impact of the COVID-19 pandemic, the Canadian government has introduced several grants and subsidies. The Society has taken advantage of several of these assistance options as follows:

	2021	2020
Canada Emergency Wage Subsidy (CEWS)	\$ 48,234	\$ 210,038
Canada Emergency Business Account (CEBA)	10,000	10,000
Temporary Wage Subsidy (TWS)	-	23,160
	\$ 58,234	\$ 243,198

During the year, the Society received \$20,000 for the CEBA which is a government-funded loan, payable to a chartered bank, which is non-interest bearing until December 31, 2023, after which interest will be charged at 5% per annum. If repaid prior to December 31, 2023, 50% of the loan will be forgiven. The Society intends to repay the 50% of the loan by December 31, 2023 and therefore \$10,000 has been reported as income as a government subsidy. As the liability balance at December 31, 2020 was \$30,000, the balance at December 31, 2021 has been adjusted to \$40,000.

**8. Impact of COVID-19 pandemic**

In fiscal 2021, the Society was impacted by the COVID-19 pandemic due to the impact on donors and men in society. However, the future impact of the pandemic, if any, cannot be reasonably determined at the time of the release of these financial statements.

**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, 2021**

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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 and CEBA loan payable.

(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.