

ROWAN HOUSE SOCIETY

FINANCIAL STATEMENTS

MARCH 31, 2024

ROWAN HOUSE SOCIETY
TABLE OF CONTENTS
MARCH 31, 2024

	Page
Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to the Financial Statements	8

INDEPENDENT AUDITOR'S REPORT

To the Members of Rowan House Society

Opinion

We have audited the financial statements of Rowan House Society (the "Society"), which comprise the statement of financial position as at March 31, 2024, 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 the Society as at March 31, 2024, and its financial performance 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.

Information other than the Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information is comprised of the information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do and will not express any form of conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The Annual Report is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

INDEPENDENT AUDITOR'S REPORT, continued

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.

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 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.

INDEPENDENT AUDITOR'S REPORT, continued

- ♦ 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.

**CALGARY, ALBERTA
JUNE 26, 2024**

Baker Tilly Catalyst LLP
**CHARTERED PROFESSIONAL
ACCOUNTANTS**

ROWAN HOUSE SOCIETY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2024

	2024	2023
Assets		
Current		
Cash	\$ 281,329	\$ 129,185
Goods and services tax receivable	10,937	15,759
Prepaid expenditures	44,412	54,775
	336,678	199,719
Investments (Note 3)	1,641,911	1,504,511
Capital assets (Note 4)	910,475	1,006,174
	\$ 2,889,064	\$ 2,710,404

Liabilities and net assets

Current		
Accounts payable and accrued liabilities	\$ 48,141	\$ 44,976
Deferred operating contributions (Note 5)	327,082	155,341
Current portion of long-term deferred capital contributions (Note 6)	31,522	31,512
	406,745	231,829
Long-term deferred capital contributions (Note 6)	398,822	430,354
	805,567	662,183
Net assets (Note 7)	2,083,497	2,048,221
	\$ 2,889,064	\$ 2,710,404

Economic dependence (Note 9)

Approved on behalf of the board

Sarah Ruffle

Treasurer



Board Chair

ROWAN HOUSE SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2024

	Operating Fund	Restricted Fund	Internally Restricted Fund	2024	2023
REVENUE					
Government of Alberta (Note 9)	\$ -	\$ 1,306,581	\$ -	\$ 1,306,581	\$ 1,306,581
Donations	400,845	-	-	400,845	420,250
Grants	356,115	-	-	356,115	277,765
Community programming	170,715	-	-	170,715	161,689
Fundraising	166,659	-	-	166,659	113,462
Investment income	-	-	60,607	60,607	22,060
Safe at Home income	54,706	-	-	54,706	190,915
Gaming income	37,072	-	-	37,072	29,910
Capital campaign (Note 6)	31,522	-	-	31,522	31,041
Interest income	6,679	-	-	6,679	9,725
	<u>1,224,313</u>	<u>1,306,581</u>	<u>60,607</u>	<u>2,591,501</u>	<u>2,563,398</u>
EXPENDITURES					
Salaries	194,895	1,070,349	-	1,265,244	1,487,007
Employee benefits	99,720	111,331	-	211,051	214,126
Community programming	158,894	-	-	158,894	215,120
Direct client costs	368,661	28,587	-	397,248	345,530
Administration and overhead	102,217	-	-	102,217	98,335
Rent	19,842	-	-	19,842	36,130
Amortization	95,699	-	-	95,699	57,404
Utilities	8,469	36,513	-	44,982	43,878
Office	23,917	23,306	-	47,223	41,295
Telephone	4,063	33,315	-	37,378	41,629
Child care programming	-	37,408	-	37,408	37,873
Travel and subsistence	21,120	3,087	-	24,207	20,986
Repairs and maintenance	7,998	17,040	-	25,038	43,368
Fundraising (Note 8)	25,861	-	-	25,861	25,146
Accounting and legal	14,224	26,990	-	41,214	38,469
Training	9,683	10,858	-	20,541	26,634
Supplies	-	17,285	-	17,285	19,181
Equipment rent	4,167	-	-	4,167	4,190
Insurance	3,990	-	-	3,990	3,609
Advertising and promotion	3,554	-	-	3,554	4,111
	<u>1,166,974</u>	<u>1,416,069</u>	<u>-</u>	<u>2,583,043</u>	<u>2,804,021</u>
EXCESS (DEFICIENCIES) OF REVENUES OVER EXPENDITURES FROM OPERATIONS	<u>57,339</u>	<u>(109,488)</u>	<u>60,607</u>	<u>8,458</u>	<u>(240,623)</u>
OTHER INCOME (EXPENDITURES)					
Unrealized gain on investments	-	-	26,810	26,810	18,766
Gain (loss) on sale of investments	-	-	8	8	(52,829)
Federal COVID program expenditures	-	-	-	-	(17,967)
Provincial COVID funding program	-	-	-	-	17,735
	<u>-</u>	<u>-</u>	<u>26,818</u>	<u>26,818</u>	<u>(34,295)</u>
EXCESS (DEFICIENCIES) OF REVENUES OVER EXPENDITURES FOR THE YEAR	<u>\$ 57,339</u>	<u>\$ (109,488)</u>	<u>\$ 87,425</u>	<u>\$ 35,276</u>	<u>\$ (274,918)</u>

The accompanying notes are an integral part of the financial statements

ROWAN HOUSE SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2024

	Operating Fund	Restricted Fund	Internally Restricted Fund (Note 3)	Total 2024	Total 2023
Balance, beginning of year	\$ 543,705	\$ -	\$ 1,504,516	\$ 2,048,221	\$ 2,323,139
Excess (deficiencies) of revenue over expenditures	57,339	(109,488)	87,425	35,276	(274,918)
Interfund transfers (Note 10)	(109,488)	109,488	-	-	-
Balance, ending of year	\$ 491,556	\$ -	\$ 1,591,941	\$ 2,083,497	\$ 2,048,221

The accompanying notes are an integral part of the financial statements

ROWAN HOUSE SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024

	2024	2023
Cash flows from operating activities		
Excess (deficiency) of revenue over expenditures	\$ 35,276	\$ (274,918)
Adjustments for		
Amortization	95,699	57,404
Unrealized gain on investments	(26,810)	(18,766)
Loss (gain) on sale of investments	(8)	52,829
Amortization of long-term deferred capital contributions	(31,522)	(31,281)
	72,635	(214,732)
 Change in non-cash working capital items		
Prepaid expenditures	10,363	6,162
Accounts payable and accrued liabilities	3,165	2,879
Goods and services tax receivable	4,822	(292)
Deferred operating contributions	171,741	(56,002)
Deferred capital contributions	(31,522)	(19,273)
	231,204	(281,258)
 Cash flows from investing activities		
Purchase of investments	(1,115,742)	(1,503,761)
Proceeds on sale of investments	1,036,682	1,582,170
Purchase of capital assets	-	(16,100)
	(79,060)	62,309
 Cash flows from financing activities		
Contributions received for acquisition of capital assets	-	12,008
	152,144	(206,941)
Increase (decrease) in cash	129,185	336,126
Cash, beginning of year	129,185	336,126
	\$ 281,329	\$ 129,185
 Cash, end of year		
	\$ 281,329	\$ 129,185
 Cash consists of:		
Unrestricted cash	\$ 272,250	\$ 87,288
Restricted cash (Note 5)	9,079	41,897
	\$ 281,329	\$ 129,185

The accompanying notes are an integral part of the financial statements

ROWAN HOUSE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

1. **Purpose and nature of the Society**

Rowan House Society (the "Society") was incorporated December 5, 1996 under the Society Act of Alberta as a not-for-profit organization. The operations of the Society are exempt from income pursuant to S.149(1)(i) of the Income Tax Act. Therefore, no provision for income taxes is recorded in the financial statements.

2. **Significant accounting policies**

The Society follows Canadian accounting standards for not-for-profit organizations in preparing its financial statements. The significant accounting policies used are as follows:

(a) **Fund accounting**

The Society maintains an operating fund, a restricted fund, and an internally restricted fund in accounting for its activities. All operating revenues and expenditures are recorded in the operating fund with appropriations between funds being authorized by the Society's Board of Directors.

The restricted fund consists of revenues and expenditures externally restricted, the income from which must be used for the implementation and operation of the Society's respective programs.

The internally restricted fund consists of amounts set aside by the Board of Directors for various strategic objectives as outlined in Note 3.

(b) **Cash**

Cash and cheques written in excess of deposits is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at year-end.

ROWAN HOUSE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

2. Significant accounting policies, continued

(c) 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.

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

Financial assets measured at fair value include investments.

(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 the Statement of 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 the Statement of Operations.

(iii) Transaction costs

The Society recognizes its transaction costs in the Statement of Operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(d) Measurement uncertainty

The preparation of financial statements in accordance with 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 expenditures during the period. Significant areas requiring the use of estimates include: estimated useful lives of capital assets, and amortization of long-term deferred contributions. Actual results may differ from management's best estimates as additional information becomes available in the future.

ROWAN HOUSE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

2. Significant accounting policies, continued

(e) Capital assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of contribution. The Society provides for amortization using the straight-line method over the 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	25 years
Equipment	4 years
Computer equipment	4 years
Furniture and fixtures	3 years

(f) Impairment of long-lived assets

The Society tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

ROWAN HOUSE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

2. Significant accounting policies, continued

(g) Revenue recognition

The Society follows the restricted fund method of accounting for contributions. Restricted contributions related to general operations are recognized as revenue of the operating fund in the year in which the related expenditure occurs.

Unrestricted contributions are recognized as revenue in the operating fund in the year received or when the amount can be reasonably estimated and collection is reasonably assured.

Restricted contributions not related to the operating fund are recognized in the restricted fund in the year the related courses or programs are delivered.

Contributions restricted to the purchase of capital assets and contributions of capital assets are deferred and amortized into revenue at a rate corresponding to the amortization of the related capital assets.

Contributions related to ticket sales and donation revenue for events taking place after the Society's year end are deferred until the event has occurred.

Investment income is recognized when earned.

(h) Contributed materials and services

The Society is dependent on, and thankful for, the voluntary services of many individuals and organizations. Because of the difficulty in determining their fair value, contributed volunteer services are not recognized in these financial statements. Contributed materials are only recorded in the financial statements to the extent that fair value is reasonably determinable.

ROWAN HOUSE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

3. Investments

For long-term financial sustainability, the Society holds the following reserves, invested in a strategic asset mix of cash, fixed income, and equities:

	2024	2023
Business Interruption Fund	\$ 630,000	\$ 570,000
Strategic Investment Fund	556,492	351,158
Capital Asset Replacement Reserve Fund	259,071	387,005
Schedule B - Surplus Retention Reserve	98,348	98,348
Operating Reserve	98,000	98,000
	\$ 1,641,911	\$ 1,504,511

The Business Interruption Fund is internally restricted to protect the Society's ability to operate during an interruption or disruption of funding. These funds are held in cash, cash-equivalent investments, and low-risk mutual funds.

The Strategic Investment Fund is internally restricted for the Society to accumulate funds to meet its strategic objectives as determined by the board. These funds are held in cash and equivalent investments, and GICs.

The Capital Asset Replacement Reserve Fund is a reserve fund that is internally restricted to be used for maintaining the longevity of the Society's capital assets and replacement as required. These funds are invested in a mix of cash and equivalent investments, GICs, and dividend-paying equities. The targeted balance is based on a 30-year capital asset study conducted in 2022, indexed for inflation.

The Schedule B Surplus Retention Reserve is surplus Schedule B funds from the provincial government program. These funds are held in cash and equivalent investments, and GICs.

The Operating Reserve is internally restricted to act as an emergency fund to ensure the Society meets its short-term obligations regardless of external interruptions. These funds are held in cash and equivalent investments.

Investments outlined above are held \$1,591,941 in the internally restricted fund and \$49,970 in deferred operating contributions.

ROWAN HOUSE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

4. **Capital assets**

	Cost	Accumulated Amortization	2024 Net Book Value	2023 Net Book Value
Buildings	\$ 1,140,254	\$ 440,333	\$ 699,921	\$ 745,531
Land	185,621	-	185,621	185,621
Equipment	117,115	107,475	9,640	37,194
Computer equipment	84,005	74,780	9,225	22,133
Furniture and fixtures	96,460	90,392	6,068	15,695
	\$ 1,623,455	\$ 712,980	\$ 910,475	\$ 1,006,174

5. **Deferred operating contributions**

	Opening balance	Contributions received	Contributions utilized	Ending balance
Anonymous donors	\$ -	\$ 129,959	\$ (26,750)	\$ 103,209
Okotoks community grant	32,793	87,500	(40,441)	79,852
Preventative education program	21,000	157,220	(136,103)	42,117
Community initiatives program	-	75,000	(34,612)	40,388
Alberta Law Foundation grant	7,296	90,783	(74,132)	23,947
Deferred sponsorships	-	15,736	-	15,736
Shelter support line	-	100,000	(90,476)	9,524
Casino funds	41,897	4,254	(37,072)	9,079
Play Place	-	3,230	-	3,230
VAW grant	31,988	-	(31,988)	-
Safe at Home program	20,367	34,339	(54,706)	-
Government of Canada	-	1,306,581	(1,306,581)	-
Other grants	-	92,328	(92,328)	-
	\$ 155,341	\$ 2,096,930	\$ (1,925,189)	\$ 327,082

ROWAN HOUSE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

6. Long-term deferred capital contributions

	2024	2023
Opening balance	\$ 461,866	\$ 481,139
Additions	-	12,008
Capital contributions recognized into revenue	(31,522)	(31,041)
Deferred contributions reducing amortization	-	(240)
	430,344	461,866
Total deferred contribution	430,344	461,866
Current portion	(31,522)	(31,512)
	\$ 398,822	\$ 430,354

The deferred contributions consist of accumulated funds received for Rowan House Emergency Shelter. The new facility opened in July of 2012, and the deferred contributions are currently being brought into operations over 25 years, which is the expected useful life of the building.

In 2023, improvements made to the building's electrical were also funded via grants, and are being amortized at the same rate as the improvements made.

7. Net assets

The Society receives funding from the Government of Alberta and from various other local municipalities. The use of these funds is restricted to expenditures specified by the funding authorities. Any unexpended funds from the Government of Alberta must be transferred into Surplus Retention Reserve (Note 3) and, with the approval of the funders, be expended in subsequent years for the purposes authorized. Any unexpended funds from all grants must be returned to the respective funding agency upon request.

The Society's current year net operating surplus of \$35,276 (2023 - deficit of \$274,918) is unrestricted.

ROWAN HOUSE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

8. Additional information to comply with the Charitable Foundation Act and Regulations

Gross contributions received (excluding gaming revenues and donations not yet cleared) were \$2,713,028 (2023 - \$2,533,165).

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 \$25,861 (2023 - \$25,146). No remuneration was paid for fundraising activities.

9. Economic dependence

The Society receives the majority of its revenue through a funding agreement from the Government of Alberta. The Society's continued operations are dependent on this funding agreement and on satisfying the terms of the agreement.

10. Interfund transfers

The Society transferred donation revenues of \$109,488 (2023 - \$232,622) from the Operating Fund to the Restricted Fund during the year.

11. 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.

ROWAN HOUSE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

12. 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) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The Society is exposed to this risk mainly in respect to its investments included in the Operating Reserve, Strategic Investment Fund, Business Interruption Fund, and Capital Asset Replacement Reserve Fund.

(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 rate financial instruments.

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