

**PROGRESS PLACE REHABILITATION CENTRE
(METROPOLITAN TORONTO) INC.**

Financial Statements

March 31, 2021

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

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Year Ended March 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Progress Place Rehabilitation Centre (Metropolitan Toronto) Inc.

Opinion

We have audited the financial statements of Progress Place Rehabilitation Centre (Metropolitan Toronto) Inc. ("Progress Place"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations and 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, the accompanying financial statements present fairly, in all material respects, the financial position of Progress Place as at March 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 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 Progress Place 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 those 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 Progress Place's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate Progress Place or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Progress Place'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.

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Independent Auditor's Report to the Directors of Progress Place Rehabilitation Centre (Metropolitan Toronto) Inc.
(continued)

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 Progress Place'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 Progress Place'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 Progress Place 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.

Hogg, Shain & Scheck PC

Toronto, Ontario
June 22, 2021

Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Statement of Financial Position

As at March 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 544,342	\$ 381,568
Harmonized Sales Tax recoverable	56,733	31,894
Accounts receivable	26,528	91,359
Prepaid expenses	195,332	81,633
	<u>822,935</u>	586,454
INVESTMENTS (Note 3)	539,957	529,388
CAPITAL ASSETS (Note 4)	1,428,057	1,298,906
	<u>\$ 2,790,949</u>	<u>\$ 2,414,748</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 203,510	\$ 223,123
Deferred revenues (Note 6)	378,367	142,043
	<u>581,877</u>	365,166
DEFERRED CONTRIBUTIONS FOR CAPITAL ASSET PURCHASES (Note 6)	1,365,521	1,214,121
	<u>1,947,398</u>	1,579,287
NET ASSETS		
UNRESTRICTED	<u>843,551</u>	835,461
	<u>\$ 2,790,949</u>	<u>\$ 2,414,748</u>
CONTINGENCY (Note 7)		

APPROVED ON BEHALF OF THE BOARD

Carrie Shaw _____ Director

Justin Scaini _____ Director

See the accompanying notes to these financial statements

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Statement of Operations and Changes in Net Assets

Year Ended March 31, 2021

	Operations	Community Support Programs	2021	2020
REVENUES				
Grants <i>(Note 4)</i>				
Local Health Integration Network ("LHIN")	\$ 2,959,338	\$ -	\$ 2,959,338	\$ 2,705,208
City of Toronto	120,000	243,510	363,510	271,451
Ministry of Health and Long Term Care ("MOHLTC")	267,806	-	267,806	283,378
Housing Connections Supplement	38,085	-	38,085	42,281
Federal	-	37,027	37,027	41,833
Resource development	70,183	71,919	142,102	180,463
Amortization of deferred contributions for capital asset purchases <i>(Note 6)</i>	123,715	-	123,715	114,785
Rents	21,557	-	21,557	13,730
Interest	-	11,006	11,006	12,086
	<u>3,600,684</u>	<u>363,462</u>	<u>3,964,146</u>	<u>3,665,215</u>
EXPENSES				
Salaries and benefits	2,296,034	212,164	2,508,198	2,516,375
Program supplies and other	625,102	50,102	675,204	456,409
Housing programs	348,146	-	348,146	319,760
Amortization of capital assets	123,718	22,246	145,964	137,030
Building	72,031	48,000	120,031	114,269
Professional fees	96,281	10,219	106,500	29,541
Equipment	39,372	12,641	52,013	64,934
	<u>3,600,684</u>	<u>355,372</u>	<u>3,956,056</u>	<u>3,638,318</u>
EXCESS OF REVENUES OVER EXPENSES	-	8,090	8,090	26,897
NET ASSETS - BEGINNING OF YEAR	-	835,461	835,461	808,564
NET ASSETS - END OF YEAR	\$ -	\$ 843,551	\$ 843,551	\$ 835,461

See the accompanying notes to these financial statements

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.**Statement of Cash Flows
Year Ended March 31, 2021**

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 8,090	\$ 26,897
Items not affecting cash:		
Amortization of deferred contributions for capital asset purchases	(123,715)	(114,785)
Amortization of capital assets	145,964	137,030
	<u>30,339</u>	<u>49,142</u>
Changes in non-cash working capital:		
Harmonized Sales Tax recoverable	(24,839)	(6,745)
Accounts receivable	64,831	(39,929)
Prepaid expenses	(113,699)	(4,581)
Accounts payable and accrued liabilities	(19,613)	35,625
Deferred revenues	236,324	59,375
	<u>143,004</u>	<u>43,745</u>
Cash flows from operating activities	<u>173,343</u>	<u>92,887</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(275,115)	(107,931)
Proceeds from redemption (purchase) of investments, net	(10,569)	57,914
Cash flows used by investing activities	<u>(285,684)</u>	<u>(50,017)</u>
FINANCING ACTIVITY		
Capital asset grants received	<u>275,115</u>	<u>107,931</u>
INCREASE IN CASH	162,774	150,801
CASH - BEGINNING OF YEAR	381,568	230,767
CASH - END OF YEAR	\$ 544,342	\$ 381,568

See the accompanying notes to these financial statements

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Notes to Financial Statements

Year Ended March 31, 2021

1. PURPOSE OF THE ORGANIZATION

Progress Place Rehabilitation Centre (Metropolitan Toronto) Inc. ("Progress Place") was incorporated under the laws of the Province of Ontario on January 16, 1984 as a corporation without share capital to function exclusively as a charitable organization. A primary objective of Progress Place is to provide rehabilitation and housing for persons with severe and persistent mental illness. Progress Place is a certified training base in the clubhouse model of psychosocial rehabilitation.

Progress Place receives the majority of its funding from the Government of Ontario in the form of permanent funding and occasional one-time grants.

Progress Place is a registered charitable organization under the Income Tax Act (Canada) and as such is exempt from income taxes.

2. SUMMARY OF ACCOUNTING POLICIES

Basis of presentation

The financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

Revenue recognition

Progress Place follows the deferral method of accounting for contributions.

Restricted contributions, including grants, are recognized as revenues in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Resource development revenues from training fees are recognized when training services and activities have been provided.

Resource development revenues from fundraising events and donations are recognized when received.

Rent revenues is recognized on the first of the month for the period covered by the rent.

Interest received during the year are recognized as revenues when earned.

Contributions for the purchase of capital assets are initially deferred on the statement of financial position and then amortized as revenues in the statement of operations on the same basis as the related capital asset costs are amortized.

Financial instruments

Progress Place initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets, except for investments, and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash and accounts receivable. The financial liabilities measured at amortized cost include accounts payable.

Investments are measured at fair value.

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PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Notes to Financial Statements

Year Ended March 31, 2021

2. SUMMARY OF ACCOUNTING POLICIES (continued)

Capital assets

Capital asset expenditures in excess of \$5,000 are recorded on the statement of financial position at cost. Amortization is provided on a straight-line basis over the useful life of the assets, which are 20 years for the building and building improvements; 5 to 10 years for furniture and equipment; and 3 years for computer equipment.

Expenditures on capital assets of \$5,000 or less are expensed in the statement of operations.

Capitalized building improvements costs include pre-construction costs essential to the development of improvements, development costs, construction costs and general and administrative costs incurred to the date of substantial completion.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

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 year. Such estimates are periodically reviewed and any adjustments necessary are reported in excess of revenues over expenses in the year in which they become known. Such estimates include useful life of capital assets and collectability of accounts receivable. Actual results could differ from these estimates.

Donations in kind

Revenues from donations in kind and their corresponding assets and expenses are not reflected in the financial statements.

Contributed services

Volunteers contribute time to assist Progress Place in carrying out its programs. Since Progress Place would not otherwise purchase these services, contributed services are not recognized in the financial statements.

3. FINANCIAL INSTRUMENTS

Investments, which are stated at fair value, consist of investment grade Canadian financial institution guaranteed investment certificates, having maturity dates from May 2021 to January 2026 and interest rates ranging from 1.2% to 2.5%, as well as money market mutual funds.

Progress Place is exposed to various risks through its financial instruments. Credit risk on accounts receivable is mitigated by close monitoring of outstanding balances and assessment of estimated realizable value. Cash consists of cash on hand and deposits held at a major Canadian financial institution. Interest rate risk on its fixed rate guaranteed investment certificates is mitigated by matching the maturities of such certificates to expected cash flow requirements. Market risk associated with investments is reduced to a minimum since these assets are invested in investment grade guaranteed instruments. Liquidity risk is mitigated as cash balances are sufficient to cover accounts payable as they become due.

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Notes to Financial Statements

Year Ended March 31, 2021

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Building improvements	\$ 2,964,933	\$ 1,855,941	\$ 1,108,992	\$ 1,143,382
Furniture and equipment	682,853	375,208	307,645	155,524
Computer equipment - not yet in use	11,420	-	11,420	-
Building	3,042,200	3,042,200	-	-
	\$ 6,701,406	\$ 5,273,349	\$ 1,428,057	\$ 1,298,906

A substantial portion of capital asset purchases have been funded by capital asset grants (*Note 6*).

5. DEFERRED REVENUES

Deferred revenues as at March 31 consist of the following:

	2021	2020
Tenant rental deposits	\$ 147,816	\$ 50,419
Resource development	119,773	91,624
City of Toronto - sewing program	61,778	-
Employment and Social Development Canada - social services program	49,000	-
	\$ 378,367	\$ 142,043

The continuity of deferred revenues for the year is as follows:

Balance, beginning of year	\$ 142,043	\$ 82,668
Add: amounts received during the year	399,983	253,567
Less: amounts recognized as revenues in the year	(163,659)	(194,192)
	\$ 378,367	\$ 142,043

6. DEFERRED CONTRIBUTIONS FOR CAPITAL ASSET PURCHASES

The Ontario Ministry of Health and Ontario Trillium Foundation have provided funding for building improvements and other capital assets. The continuity of deferred contributions for capital asset purchases is as follows:

	2021	2020
Balance, beginning of year	\$ 1,214,121	\$ 1,220,975
Add: amounts received in the year	275,115	107,931
Less: amounts recognized as revenues in the year	(123,715)	(114,785)
	\$ 1,365,521	\$ 1,214,121

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Notes to Financial Statements

Year Ended March 31, 2021

7. CONTINGENCY

In 2019, Progress Place was one of several organizations named in a legal claim from a former visitor. Due to COVID-19, the claim is still in its early stages. As a result, the outcome or a possible liability, if any, are not determinable at this time. Accordingly, no amount has been included in these financial statements related to this matter.

Coverage of this matter is under assessment with Progress Places' insurance company. Currently, the insurance company has retained a lawyer to assess this matter.

8. SIGNIFICANT EVENT

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 are unknown at this time. It is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results of Progress Place in future years. Progress Place continues to closely monitor and assess the impact on operations.
