

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

Financial Statements

March 31, 2016

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

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Year Ended March 31, 2016

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Progress Place Rehabilitation Centre (Metropolitan Toronto) Inc., which comprise the balance sheet as at March 31, 2016 and the statements of operations and 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Progress Place Rehabilitation Centre (Metropolitan Toronto) Inc. as at March 31, 2016 and the results of its operations and changes in net assets and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

The financial statements of Progress Place Rehabilitation Centre (Metropolitan Toronto) Inc. for the year ended March 31, 2015 were audited by another auditor whose report thereon, dated June 22, 2015, expressed an unqualified opinion on those statements.

Hogg, Shain & Scheck PC

Toronto, Ontario
June 20, 2016

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


PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Balance Sheet

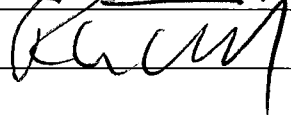
As at March 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 232,992	\$ 176,765
Accounts receivable (Note 3)	69,848	59,644
Prepaid expenses	80,276	90,157
	<u>383,116</u>	<u>326,566</u>
INVESTMENTS (Note 4)	628,779	614,541
CAPITAL ASSETS (Note 5)	1,384,574	1,513,028
	<u>\$ 2,396,469</u>	<u>\$ 2,454,135</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 141,495	\$ 77,360
Deferred revenues (Note 6)	77,176	56,417
	<u>218,671</u>	<u>133,777</u>
DEFERRED CONTRIBUTIONS FOR CAPITAL ASSET PURCHASES (Note 7)	1,210,807	1,237,498
	<u>1,429,478</u>	<u>1,371,275</u>
NET ASSETS	966,991	1,082,860
	<u>\$ 2,396,469</u>	<u>\$ 2,454,135</u>

APPROVED ON BEHALF OF THE BOARD



Director



Director

See the accompanying notes to these financial statements

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Statement of Operations and Changes in Net Assets

For the Year Ended March 31, 2016

	Operations	Other Programs	2016 Total	2015 Total
REVENUES				
Grants (Note 3)				
LHIN	\$ 2,652,019	\$ -	\$ 2,652,019	\$ 2,708,327
MOHLTC	257,500	-	257,500	250,000
Housing Connections Supplement	43,421	-	43,421	39,463
Local employment grants	-	87,105	87,105	40,088
Rents	290,862	-	290,862	293,998
Resource development	-	114,971	114,971	60,561
Interest	45	14,239	14,284	14,500
Colleague training fees	-	15,633	15,633	23,418
Amortization of deferred contributions for capital asset purchases (Note 7)	106,209	-	106,209	111,543
	<u>3,350,056</u>	<u>231,948</u>	<u>3,582,004</u>	<u>3,541,898</u>
EXPENSES				
Salaries and benefits	2,236,532	215,125	2,451,657	2,289,674
Housing Programs	589,425	-	589,425	577,876
Program supplies and other expenses	211,424	40,051	251,475	199,546
Amortization of capital assets	106,209	22,246	128,455	133,789
Staff education and travel	23,530	40,684	64,214	62,485
Building expenses	57,707	-	57,707	121,934
Equipment expenses	48,493	461	48,954	53,917
Professional fees	19,287	26,792	46,079	31,587
Communications and IT	31,495	2,458	33,953	41,943
Insurance	25,954	-	25,954	25,457
	<u>3,350,056</u>	<u>347,817</u>	<u>3,697,873</u>	<u>3,538,208</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ -	\$(115,869)	\$(115,869)	\$ 3,690
NET ASSETS, BEGINNING OF YEAR	-	1,082,860	1,082,860	1,079,170
NET ASSETS, END OF YEAR	\$ -	\$ 966,991	966,991	\$ 1,082,860

See the accompanying notes to these financial statements

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

**Statement of Cash Flows
Year Ended March 31, 2016**

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$(115,869)	\$ 3,690
Amortization of deferred contributions for capital asset purchases	(106,209)	(111,543)
Amortization of capital assets	<u>128,455</u>	<u>133,789</u>
	(93,623)	25,936
Changes in non-cash working capital:		
Accounts receivable	(10,204)	(4,304)
Prepaid expenses	9,881	(29,463)
Accounts payable and accrued liabilities	64,134	(12,975)
Deferred revenues	<u>20,759</u>	<u>11,534</u>
	<u>84,570</u>	(35,208)
Cash flow from operating activities	(9,053)	(9,272)
INVESTING ACTIVITIES		
Purchase of capital assets	-	(14,344)
Proceeds from redemption (purchase) of investments, net	(14,238)	29,484
Cash flow from (used by) investing activities	(14,238)	15,140
FINANCING ACTIVITY		
Capital asset grants received	<u>79,518</u>	<u>14,344</u>
INCREASE IN CASH AND CASH EQUIVALENTS	56,227	20,212
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>176,765</u>	<u>156,553</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 232,992</u>	<u>\$ 176,765</u>

See the accompanying notes to these financial statements

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Notes to Financial Statements

Year Ended March 31, 2016

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, and it has been advised that the Province of Ontario intends to continue its financial support.

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

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 and include the following significant accounting policies.

Revenue recognition

Progress Place follows the deferral method of accounting for contributions.

Restricted contributions 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. Endowment contributions are recognized as direct increases in net assets.

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.

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

Investments are subsequently measured at fair value.

(continues)

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Notes to Financial Statements

Year Ended March 31, 2016

2. SUMMARY OF ACCOUNTING POLICIES (continued)

Capital assets

Capital asset expenditures in excess of \$5,000 are recorded on the balance sheet 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, fixtures and equipment; and 3 years for computers.

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.

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

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.

Volunteer services

The operations of the organization depend on the voluntary services of members. The fair value of these services cannot be reasonably determined and are therefore not reflected in these financial statements.

3. ONTARIO MINISTRY OF HEALTH SETTLEMENTS

As at March 31, 2016, the accounts reflect actual and estimated settlement amounts with the Ontario Ministry of Health for rent subsidies and program funding.

4. FINANCIAL INSTRUMENTS

The fair value of Progress Place's accounts receivable and accounts payable approximates their carrying value due to the imminent or short-term maturity of these instruments.

Investments, which are stated at fair value, consist of investment grade Canadian financial institution guaranteed investment certificates, having maturity dates from April 2016 to April 2018 and interest rates ranging from 2.10% to 2.68%.

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 interest bearing bank 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, 2016

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Buildings	\$ 3,042,200	\$ 3,042,200	\$ -	\$ -
Building improvements	2,573,859	1,244,668	1,329,191	1,440,714
Furniture and equipment	352,225	296,842	55,383	69,171
Computers	222,273	222,273	-	3,143
	<u>\$ 6,190,557</u>	<u>\$ 4,805,983</u>	<u>\$ 1,384,574</u>	<u>\$ 1,513,028</u>

A substantial portion of capital asset purchases have been funded by capital asset grants (*Note 7*).

6. DEFERRED REVENUES

Deferred revenues as at March 31, 2016 consist of the following:

	2016	2015
Tenant rental deposits	\$ 48,667	\$ 47,792
Resource development	-	8,625
Clubhouse training service fees	28,509	-
	<u>\$ 77,176</u>	<u>\$ 56,417</u>

7. DEFERRED CONTRIBUTIONS FOR CAPITAL ASSET PURCHASES

	2016	2015
Balance, beginning of year	\$ 1,237,498	\$ 1,334,697
Contributions received in the year	79,518	14,344
Amortization to revenues in the year	(106,209)	(111,543)
Balance, end of year	<u>\$ 1,210,807</u>	<u>\$ 1,237,498</u>

The Ontario Ministry of Health and Ontario Trillium Foundation have provided funding for building improvements and other capital assets.