

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

Financial Statements

March 31, 2015

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

Financial Statements

March 31, 2015

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Chartered Accountants

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Independent Auditors' 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, 2015 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.

Auditors' 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 in our audit is sufficient and appropriate to provide for 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, 2015 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Marinucci & Company

Toronto Ontario
June 22, 2015

Chartered Accountants
Licensed Public Accountants

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Balance Sheet

As at March 31, 2015

	2015	2014
ASSETS		
Current:		
Cash and cash equivalents	\$ 176,765	\$ 156,553
Accounts receivable (Note 7)	59,644	55,340
Prepaid expenses	<u>90,157</u>	<u>60,694</u>
	326,566	272,587
Investments (Note 3)	614,541	644,025
Capital assets, net (Note 4)	<u>1,513,028</u>	<u>1,632,473</u>
	<u>\$ 2,454,135</u>	<u>\$ 2,549,085</u>
LIABILITIES		
Current:		
Accounts payable and accrued liabilities (Note 7)	\$ 77,360	\$ 90,335
Deferred revenues (Note 5)	<u>56,417</u>	<u>44,883</u>
	133,777	135,218
Deferred contributions for capital asset purchases (Note 6)	<u>1,237,498</u>	<u>1,334,697</u>
	<u>1,371,275</u>	<u>1,469,915</u>
NET ASSETS		
Accumulated surplus	<u>1,082,860</u>	<u>1,079,170</u>
	<u>\$ 2,454,135</u>	<u>\$ 2,549,085</u>

Approved by the Board:



 _____ Director

 _____ Director

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Statement of Operations and Changes in Net Assets

For the year ended March 31, 2015

	Operations	Other Programs	2015 Total	2014 Total
REVENUES				
Grants (Notes 6 and 7):				
LHIN	\$ 2,708,327	\$ -	\$ 2,708,327	\$ 2,625,890
MOHLTC	250,000	-	250,000	250,000
Housing Connections Supplement	39,463	-	39,463	34,530
Local employment grants	-	40,088	40,088	-
Rents	293,998	-	293,998	295,932
Resource development	-	60,561	60,561	88,778
Interest	-	14,500	14,500	16,031
Colleague training fees	-	23,418	23,418	9,900
Amortization of deferred contributions for capital asset purchases (Note 6)	<u>111,543</u>	<u>-</u>	<u>111,543</u>	<u>125,630</u>
	<u>3,403,331</u>	<u>138,567</u>	<u>3,541,898</u>	<u>3,446,691</u>
EXPENSES				
Salaries and benefits	2,249,440	40,234	2,289,674	2,200,958
Housing Programs	577,876	-	577,876	572,506
Program supplies and other expenses	191,297	8,249	199,546	191,773
Staff education and travel	21,001	41,484	62,485	55,776
Communications and IT	41,943	-	41,943	38,702
Equipment expenses	53,917	-	53,917	66,248
Insurance	25,457	-	25,457	23,111
Professional fees	18,787	12,800	31,587	51,582
Building expenses	112,070	9,864	121,934	95,237
Amortization of capital assets	<u>111,543</u>	<u>22,246</u>	<u>133,789</u>	<u>147,875</u>
	<u>3,403,331</u>	<u>134,877</u>	<u>3,538,208</u>	<u>3,443,768</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ -</u>	<u>\$ 3,690</u>	<u>3,690</u>	<u>2,923</u>
NET ASSETS, beginning of year			<u>1,079,170</u>	<u>1,076,247</u>
NET ASSETS, end of year			<u>\$ 1,082,860</u>	<u>\$ 1,079,170</u>

See accompanying Notes to Financial Statements

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Statement of Cash Flows

For the year ended March 31, 2015

	2015	2014
Cash provided by (used in):		
Operating activities		
Excess of revenues over expenses	\$ 3,690	\$ 2,923
Add (deduct) items not involving cash:		
Amortization of deferred contributions for capital asset purchases	(111,543)	(125,630)
Amortization of capital assets	133,789	147,875
Impact on cash of changes in non-cash working capital items:		
Accounts receivable	(4,304)	(7,557)
Prepaid expenses	(29,463)	(1,936)
Accounts payable and accrued liabilities	(12,975)	(3,397)
Deferred revenues	<u>11,534</u>	<u>(1,692)</u>
	<u>(9,272)</u>	<u>10,586</u>
Financing activities		
Capital asset grants received	14,344	18,420
Proceeds from redemption (purchase) of investments, net	<u>29,484</u>	<u>34,987</u>
	<u>43,828</u>	<u>53,407</u>
Investing activities		
Capital asset purchases	<u>(14,344)</u>	<u>(18,420)</u>
Increase in cash	20,212	45,573
Cash and cash equivalents, beginning of year	<u>156,553</u>	<u>110,980</u>
Cash and cash equivalents, end of year	<u>\$ 176,765</u>	<u>\$ 156,553</u>

See accompanying Notes to Financial Statements

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Notes to Financial Statements

March 31, 2015

1. NATURE AND 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. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These 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, which include government grants. Unrestricted contributions are recognized as revenues in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenues in the year in which the related expenses are incurred.

Revenues from training fees are recognized when training services and activities have been provided.

Resource development revenues from fundraising events and donations are recognized 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.

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Notes to Financial Statements

March 31, 2015

2. SIGNIFICANT 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 amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates are reviewed periodically and adjustments are made to revenues and expenses as appropriate in the period they become known.

Volunteer services

Much of the work of Progress Place is dependent on the voluntary services of members. Since these services are not normally purchased by Progress Place, and because of the difficulty in determining their fair value, such donated services are not recognized in the accounts.

3. FINANCIAL INSTRUMENTS

Cash and cash equivalents consist of cash on hand and interest bearing bank deposits held at a major Canadian financial institution. Cash balances are sufficient to cover accounts payable as they come due.

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 December 2015 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. 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.

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Notes to Financial Statements

March 31, 2015

4. CAPITAL ASSETS

	Cost	Accumulated amortization	Net Book Value	
			2015	2014
Building	\$3,042,200	\$3,042,200	\$ -	\$ -
Building improvements	2,573,859	1,133,145	1,440,714	1,551,587
Furniture and equipment	352,225	283,054	69,171	73,466
Computers	<u>222,273</u>	<u>219,130</u>	<u>3,143</u>	<u>7,420</u>
	<u>\$6,190,557</u>	<u>\$4,677,529</u>	<u>\$ 1,513,028</u>	<u>\$ 1,632,473</u>

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

Furniture and equipment at March 31, 2015 includes \$14,344 in capital assets not yet in service at that date and therefore not amortized in 2015.

Capital asset expenditures of \$5,000 or less are expensed and classified as equipment expenses in the statement of operations and changes in net assets.

5. DEFERRED REVENUES

Deferred revenues at March 31 consist of the following:

	2015	2014
Tenant rental deposits	\$ 47,792	\$ 37,833
Resource development	8,625	-
Clubhouse training service fees	<u>-</u>	<u>7,050</u>
	<u>\$ 56,417</u>	<u>\$ 44,883</u>

6. DEFERRED CONTRIBUTIONS FOR CAPITAL ASSET PURCHASES

	2015	2014
Balance, beginning of year	\$ 1,334,697	\$ 1,441,907
Contributions received in the year	14,344	18,420
Amortization to revenues in the year	<u>(111,543)</u>	<u>(125,630)</u>
Balance, end of year	<u>\$ 1,237,498</u>	<u>\$ 1,334,697</u>

Substantially all of the costs of the original building, which was purchased in 1988, were financed by grants from the Ontario Ministry of Health. Total such funding of \$2,982,000 was amortized to revenues over 20 years to March 31, 2008.

The Ontario Ministry of Health and Ontario Trillium Foundation has also provided funding for the building improvements project and other capital assets.

7. ONTARIO MINISTRY OF HEALTH SETTLEMENTS

As at March 31, 2015, the accounts reflect actual and estimated settlement amounts with the Ontario Ministry of Health for rent subsidies and program funding.