

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

Financial Statements

March 31, 2017

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

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Year Ended March 31, 2017

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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 statement of financial position as at March 31, 2017 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, 2017 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.

Hogg, Shain & Scheck PC

Toronto, Ontario
June 20, 2017

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

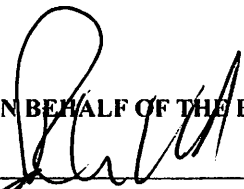
PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Statement of Financial Position


As at March 31, 2017

	2017	2016
ASSETS		
CURRENT		
Cash	\$ 122,320	\$ 232,992
Harmonized Sales Tax recoverable	48,851	33,275
Accounts receivable (Note 4)	70,432	36,573
Prepaid expenses	72,505	80,276
	<u>314,108</u>	383,116
INVESTMENTS (Note 3)	595,597	628,779
CAPITAL ASSETS (Note 5)	1,363,078	1,384,574
	<u>\$ 2,272,783</u>	<u>\$ 2,396,469</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 89,325	\$ 141,495
Deferred revenues (Note 6)	94,754	77,176
	<u>184,079</u>	218,671
DEFERRED CONTRIBUTIONS FOR CAPITAL ASSET PURCHASES (Note 7)	1,211,557	1,210,807
	<u>1,395,636</u>	1,429,478
NET ASSETS		
UNRESTRICTED	<u>877,147</u>	966,991
	<u>\$ 2,272,783</u>	<u>\$ 2,396,469</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

Year Ended March 31, 2017

	Operations	Other Programs	2017 Total	2016 Total
REVENUES				
Grants (Note 4)				
LHIN	\$ 2,651,817	\$ -	\$ 2,651,817	\$ 2,652,019
MOHLTC	258,967	-	258,967	257,500
City of Toronto	-	86,643	86,643	60,903
Other grants	58,669	-	58,669	-
Housing Connections				
Supplement	41,449	-	41,449	43,421
Employment grants	-	6,094	6,094	26,202
Rents	286,978	-	286,978	290,862
Resource development	-	117,495	117,495	130,604
Amortization of deferred contributions for capital asset purchases (Note 7)	103,945	-	103,945	106,209
Interest	-	12,818	12,818	14,284
	<u>3,401,825</u>	<u>223,050</u>	<u>3,624,875</u>	<u>3,582,004</u>
EXPENSES				
Salaries and benefits	2,303,496	115,594	2,419,090	2,451,657
Housing programs	514,820	-	514,820	517,984
Program supplies and other expenses	305,014	97,595	402,609	380,000
Amortization of capital assets	103,945	22,246	126,191	128,455
Professional fees	36,274	77,459	113,733	46,079
Building expenses	110,428	-	110,428	118,663
Equipment expenses	27,848	-	27,848	55,035
	<u>3,401,825</u>	<u>312,894</u>	<u>3,714,719</u>	<u>3,697,873</u>
DEFICIENCY OF REVENUES OVER EXPENSES	-	(89,844)	(89,844)	(115,869)
NET ASSETS - BEGINNING OF YEAR	-	966,991	966,991	1,082,860
NET ASSETS - END OF YEAR	\$ -	\$ 877,147	\$ 877,147	\$ 966,991

See the accompanying notes to these financial statements

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Statement of Cash Flows

Year Ended March 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (89,844)	\$ (115,869)
Items not affecting cash:		
Amortization of deferred contributions for capital asset purchases	(103,945)	(106,209)
Amortization of capital assets	126,191	128,455
	<u>(67,598)</u>	<u>(93,623)</u>
Changes in non-cash working capital:		
Harmonized Sales Tax recoverable	(15,576)	3,481
Accounts receivable	(33,859)	(13,685)
Prepaid expenses	7,771	9,881
Accounts payable and accrued liabilities	(52,170)	64,134
Deferred revenues	17,578	20,759
	<u>(76,256)</u>	<u>84,570</u>
Cash flow used by operating activities	<u>(143,854)</u>	<u>(9,053)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(104,695)	-
Proceeds from redemption (purchase) of investments, net	33,182	(14,238)
Cash flow used by investing activities	<u>(71,513)</u>	<u>(14,238)</u>
FINANCING ACTIVITY		
Capital asset grants received	104,695	79,518
INCREASE (DECREASE) IN CASH	(110,672)	56,227
CASH - BEGINNING OF YEAR	232,992	176,765
CASH - END OF YEAR	\$ 122,320	\$ 232,992

See the accompanying notes to these financial statements

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Notes to Financial Statements

Year Ended March 31, 2017

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 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, 2017

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, 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 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.

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 excess of revenues over expenses in the period in which they become known. 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.

Volunteer services

The operations of Progress Place 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. 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 2017 to December 2019 and interest rates ranging from 1.70% to 2.55%.

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, 2017

4. ONTARIO MINISTRY OF HEALTH SETTLEMENTS

Accounts receivable include actual and estimated settlement amounts with the Ontario Ministry of Health for rent subsidies and program funding.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Buildings	\$ 3,088,009	\$ 3,042,200	\$ 45,809	\$ -
Building improvements	2,573,859	1,356,191	1,217,668	1,329,191
Furniture and equipment	411,111	311,510	99,601	55,383
	<u>\$ 6,072,979</u>	<u>\$ 4,709,901</u>	<u>\$ 1,363,078</u>	<u>\$ 1,384,574</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 consist of the following:

	2017	2016
Tenant rental deposits	\$ 46,917	\$ 48,667
Resource development	31,700	28,509
Other grants	16,137	-
	<u>\$ 94,754</u>	<u>\$ 77,176</u>

7. DEFERRED CONTRIBUTIONS FOR CAPITAL ASSET PURCHASES

	2017	2016
Balance, beginning of year	\$ 1,210,807	\$ 1,237,498
Contributions received in the year	104,695	79,518
Amortization to revenues in the year	(103,945)	(106,209)
Balance, end of year	<u>\$ 1,211,557</u>	<u>\$ 1,210,807</u>

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

8. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.
