

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

Financial Statements

March 31, 2018

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Index to Financial Statements

Year Ended March 31, 2018

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Operations and Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 7

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, 2018 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, 2018 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 19, 2018

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

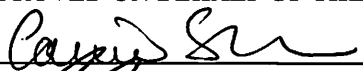
PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Statement of Financial Position


As at March 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 97,572	\$ 122,320
Harmonized Sales Tax recoverable	42,950	48,851
Accounts receivable	70,727	70,432
Prepaid expenses	74,503	72,505
	<u>285,752</u>	<u>314,108</u>
INVESTMENTS (Note 3)	575,736	595,597
CAPITAL ASSETS (Note 4)	1,451,342	1,363,078
	<u>\$ 2,312,830</u>	<u>\$ 2,272,783</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 80,652	\$ 89,325
Deferred revenues (Note 5)	101,547	94,754
	<u>182,199</u>	<u>184,079</u>
DEFERRED CONTRIBUTIONS FOR CAPITAL ASSET PURCHASES (Note 6)	1,322,067	1,211,557
	<u>1,504,266</u>	<u>1,395,636</u>
NET ASSETS		
UNRESTRICTED	<u>808,564</u>	<u>877,147</u>
	<u>\$ 2,312,830</u>	<u>\$ 2,272,783</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, 2018

	Operations	Community Support Programs	2018 Total	2017 Total
REVENUES				
Grants <i>(Note 4)</i>				
LHN	\$ 2,691,129	\$ -	\$ 2,691,129	\$ 2,651,817
MOHLTC	256,286	-	256,286	258,967
City of Toronto	-	108,583	108,583	86,643
Housing Connections Supplement	43,304	-	43,304	41,449
Employment grants	-	21,428	21,428	6,094
Other grants	15,728	-	15,728	58,669
Resource development	-	160,137	160,137	117,495
Amortization of deferred contributions for capital asset purchases <i>(Note 6)</i>	125,620	-	125,620	103,945
Rents	19,958	-	19,958	286,978
Interest	-	10,139	10,139	12,818
	<u>3,152,025</u>	<u>300,287</u>	<u>3,452,312</u>	<u>3,624,875</u>
EXPENSES				
Salaries and benefits	2,287,410	161,004	2,448,414	2,419,090
Program supplies and other expenses	291,991	134,422	426,413	402,609
Housing programs	309,917	-	309,917	514,820
Amortization of capital assets	125,620	22,246	147,866	126,191
Professional fees	54,583	49,599	104,182	113,733
Building expenses	52,374	1,599	53,973	110,428
Equipment expenses	30,130	-	30,130	27,848
	<u>3,152,025</u>	<u>368,870</u>	<u>3,520,895</u>	<u>3,714,719</u>
DEFICIENCY OF REVENUES OVER EXPENSES	-	(68,583)	(68,583)	(89,844)
NET ASSETS - BEGINNING OF YEAR	-	877,147	877,147	966,991
NET ASSETS - END OF YEAR	\$ -	\$ 808,564	\$ 808,564	\$ 877,147

See the accompanying notes to these financial statements

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

**Statement of Cash Flows
Year Ended March 31, 2018**

	2018	2017
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (68,583)	\$ (89,844)
Items not affecting cash:		
Amortization of deferred contributions for capital asset purchases	(125,620)	(103,945)
Amortization of capital assets	147,866	126,191
	<u>(46,337)</u>	<u>(67,598)</u>
Changes in non-cash working capital:		
Harmonized Sales Tax recoverable	5,901	(15,576)
Accounts receivable	(295)	(33,859)
Prepaid expenses	(1,998)	7,771
Accounts payable and accrued liabilities	(8,673)	(52,170)
Deferred revenues	6,793	17,578
	<u>1,728</u>	<u>(76,256)</u>
Cash flow used by operating activities	<u>(44,609)</u>	<u>(143,854)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(236,130)	(104,695)
Proceeds from redemption of investments, net	19,861	33,182
Cash flow used by investing activities	<u>(216,269)</u>	<u>(71,513)</u>
FINANCING ACTIVITY		
Capital asset grants received	236,130	104,695
DECREASE IN CASH	(24,748)	(110,672)
CASH - BEGINNING OF YEAR	122,320	232,992
CASH - END OF YEAR	\$ 97,572	\$ 122,320

See the accompanying notes to these financial statements

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Notes to Financial Statements

Year Ended March 31, 2018

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 such as grants revenues.

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, 2018

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.

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 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 April 2018 to December 2019 and interest rates ranging from 1.6% to 2.3%, as well as 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, 2018

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Buildings	\$ 3,042,200	\$ 3,042,200	\$ -	\$ -
Building improvements	2,836,621	1,483,354	1,353,267	1,263,477
Furniture and equipment	430,287	332,212	98,075	99,601
	<u>\$ 6,309,108</u>	<u>\$ 4,857,766</u>	<u>\$ 1,451,342</u>	<u>\$ 1,363,078</u>

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:

	2018	2017
Tenant rental deposits	\$ 49,929	\$ 46,917
Resource development	26,361	31,700
Other grants	25,257	16,137
	<u>\$ 101,547</u>	<u>\$ 94,754</u>

6. DEFERRED CONTRIBUTIONS FOR CAPITAL ASSET PURCHASES

	2018	2017
Balance, beginning of year	\$ 1,211,557	\$ 1,210,807
Contributions received in the year	236,130	104,695
Amortization to revenues in the year	(125,620)	(103,945)
Balance, end of year	<u>\$ 1,322,067</u>	<u>\$ 1,211,557</u>

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

7. COMPARATIVE FIGURES

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