

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

Financial Statements

March 31, 2023

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Index to Financial Statements

Year Ended March 31, 2023

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9

INDEPENDENT AUDITOR'S REPORT

To the Members 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, 2023, 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, 2023, 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 these 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 related 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.

(continues)

Independent Auditor's Report to the Members 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 this financial information.

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 20, 2023

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, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 869,860	\$ 423,784
Harmonized Sales Tax recoverable	80,103	72,809
Accounts receivable	111,958	46,959
Prepaid expenses	128,459	128,291
	<u>1,190,380</u>	671,843
INVESTMENTS (Note 3)	559,015	549,001
CAPITAL ASSETS (Note 4)	1,367,096	1,492,443
	<u>\$ 3,116,491</u>	<u>\$ 2,713,287</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 455,051	\$ 128,805
Deferred revenues (Note 6)	290,703	188,346
	<u>745,754</u>	317,151
DEFERRED CONTRIBUTIONS FOR CAPITAL ASSET PURCHASES (Note 7)	1,349,052	1,452,154
	<u>2,094,806</u>	1,769,305
NET ASSETS		
UNRESTRICTED	<u>1,021,685</u>	943,982
	<u>\$ 3,116,491</u>	<u>\$ 2,713,287</u>
CONTINGENCY (Note 8)		

APPROVED ON BEHALF OF THE BOARD

David Whyte Director

Richard Worsfold 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, 2023

	Operations	Community Support Programs	2023	2022
REVENUES				
Grants <i>(Notes 4 and 5)</i>				
Ontario Health	\$ 3,671,290	\$ -	\$ 3,671,290	\$ 3,445,701
City of Toronto	10,000	333,837	343,837	356,439
Ministry of Health and Long Term Care	295,821	-	295,821	294,591
Federal	209,285	81,679	290,964	262,163
Other grants	45,551	116,473	162,024	-
Amortization of deferred contributions for capital asset purchases <i>(Note 7)</i>	201,483	-	201,483	148,923
Rents	154,672	-	154,672	91,755
Resource development <i>(Note 9)</i>	-	131,015	131,015	182,498
Other revenues <i>(Note 9)</i>	-	47,681	47,681	12,464
Interest	-	16,958	16,958	9,829
Service contributions	-	-	-	115,427
	<u>4,588,102</u>	<u>727,643</u>	<u>5,315,745</u>	<u>4,919,790</u>
EXPENSES				
Salaries and benefits	2,736,378	353,015	3,089,393	2,895,220
Housing programs	783,801	-	783,801	776,358
Program supplies and other	564,230	200,988	765,218	767,338
Amortization of capital assets	201,482	22,246	223,728	171,170
Building	105,788	60,734	166,522	130,229
Professional fees	149,741	7,364	157,105	38,053
Equipment	46,682	5,593	52,275	40,991
	<u>4,588,102</u>	<u>649,940</u>	<u>5,238,042</u>	<u>4,819,359</u>
EXCESS OF REVENUES OVER EXPENSES	-	77,703	77,703	100,431
NET ASSETS - BEGINNING OF YEAR	-	943,982	943,982	843,551
NET ASSETS - END OF YEAR	<u>\$ -</u>	<u>\$ 1,021,685</u>	<u>\$ 1,021,685</u>	<u>\$ 943,982</u>

See the accompanying notes to these financial statements

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.**Statement of Cash Flows
Year Ended March 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 77,703	\$ 100,431
Items not affecting cash:		
Amortization of deferred contributions for capital asset purchases	(201,483)	(148,923)
Amortization of capital assets	223,728	171,170
	<u>99,948</u>	<u>122,678</u>
Changes in non-cash working capital:		
Harmonized Sales Tax recoverable	(7,294)	(16,076)
Accounts receivable	(64,999)	(20,431)
Prepaid expenses	(168)	67,041
Accounts payable and accrued liabilities	326,246	(74,705)
Deferred revenues	102,357	(190,021)
	<u>356,142</u>	<u>(234,192)</u>
Cash flows from (used by) operating activities	<u>456,090</u>	<u>(111,514)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(98,381)	(235,556)
Purchase of investments, net	(10,014)	(9,044)
Cash flows used by investing activities	<u>(108,395)</u>	<u>(244,600)</u>
FINANCING ACTIVITY		
Capital asset grants received	98,381	235,556
INCREASE (DECREASE) IN CASH	446,076	(120,558)
CASH - BEGINNING OF YEAR	423,784	544,342
CASH - END OF YEAR	\$ 869,860	\$ 423,784

See the accompanying notes to these financial statements

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Notes to Financial Statements

Year Ended March 31, 2023

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 SIGNIFICANT 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.

Fund accounting

Progress Place utilizes fund accounting to report its operating results.

The Operations Fund reports resources from the Ministry in accordance with an approved operating budget.

The Community Support Programs reports all other resources of Progress Place.

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 included revenues from fundraising events and donations are recognized when received.

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

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

Other revenues include revenues from training fees which are recognized when training services and activities have been provided.

Service contributions revenue is recognized when services and activities have occurred.

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.

(continues)

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Notes to Financial Statements

Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Progress Place initially measures its financial assets and financial liabilities at fair value. Progress Place subsequently measures all of its financial assets 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 includes accounts payable.

Impairment of financial instruments

Financial assets measured at cost or amortized cost are tested for impairment if there are indications of possible impairment. The impairment loss is equal to the difference between carrying value and expected recoverable amount. A previously recognized impairment loss may be reversed to the extent of the improvement, either directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal, had the impairment loss not been recognized previously. The amount of any write down or reversal is recognized in excess of revenues over expenses.

Capital assets

Capital assets are recorded at cost less accumulated amortization.

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.

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.

Impairment of long-lived assets

Long-lived assets, including capital assets, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment loss is measured as the amount by which the carrying amount of the capital asset exceeds its fair value. Fair value is determined by the current replacement cost of similar assets.

Use of estimates

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, year end accruals including the health care spending account, 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.

(continues)

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Notes to Financial Statements

Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed services

Volunteers contribute an undeterminable but substantial number of hours during the year to assist Progress Place in carrying out its mission and activities. Since Progress Place would not otherwise purchase these services, contributed services are not recognized in these 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 2023 to June 2026 and interest rates ranging from 1.16% to 2.14%, 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.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Building improvements	\$ 2,580,315	\$ 1,738,114	\$ 842,201	\$ 1,085,380
Furniture and equipment	645,717	124,628	521,089	399,450
Computer equipment	11,420	7,614	3,806	7,613
Building	3,042,200	3,042,200	-	-
	<u>\$ 6,279,652</u>	<u>\$ 4,912,556</u>	<u>\$ 1,367,096</u>	<u>\$ 1,492,443</u>

5. AMOUNTS OWED TO ONTARIO HEALTH

The amount of unspent contribution funding is repayable to Ontario Health each year. In 2023, the amount owing to Ontario Health is \$148,522 (2022 - \$598), which is included in accounts payable and accrued liabilities.

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Notes to Financial Statements

Year Ended March 31, 2023

6. DEFERRED REVENUES

Deferred revenues as at March 31 consist of the following:

	<u>2023</u>	<u>2022</u>
Tenant rental deposits	\$ 90,107	\$ 88,194
Resource development	40,000	50,376
College training fees	42,823	22,024
Grants:		
Stepped Care Solutions Inc.	69,000	-
Employment and Social Development Canada	24,646	-
Ontario Trillium Foundation	24,127	-
City of Toronto	-	27,752
	<u>\$ 290,703</u>	<u>\$ 188,346</u>

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

	<u>2023</u>	<u>2022</u>
Balance - beginning of year	\$ 188,346	\$ 378,367
Add: amounts received during the year	1,184,869	715,298
Less: amounts recognized as revenues in the year	<u>(1,082,512)</u>	<u>(905,319)</u>
Balance - end of year	<u>\$ 290,703</u>	<u>\$ 188,346</u>

7. 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:

	<u>2023</u>	<u>2022</u>
Balance - beginning of year	\$ 1,452,154	\$ 1,365,521
Add: amounts received in the year	98,381	235,556
Less: amounts recognized as revenues in the year	<u>(201,483)</u>	<u>(148,923)</u>
Balance - end of year	<u>\$ 1,349,052</u>	<u>\$ 1,452,154</u>

8. CONTINGENCY

In 2019, Progress Place was one of several organizations named in a legal claim from a former visitor. Due to the COVID-19 pandemic, 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.

9. COMPARATIVE FIGURES

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