

**MADISON COMMUNITY SERVICES**

FINANCIAL STATEMENTS

MARCH 31, 2019

**HILBORN**LLP



## Independent Auditor's Report

To the Directors of Madison Community Services

### Opinion

We have audited the financial statements of Madison Community Services (the "Organization"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, 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 the Organization as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with the financial reporting framework described in note 1 of the financial statements.

### 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 the Organization 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.

### Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist Madison Community Services to meet the requirements of Ontario Ministry of Health and Long-Term Care. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

### 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 the ability of the Organization 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 the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Organization.

### 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. 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 the financial statements.

## Independent Auditor's Report (continued)

### Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 the internal control of the Organization.
- 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 the ability of the Organization 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 the Organization 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Toronto, Ontario  
June 27, 2019

Chartered Professional Accountants  
Licensed Public Accountants

# MADISON COMMUNITY SERVICES

## Statement of Financial Position

March 31, 2019

	Ministry of Health Fund \$	Rent Supplement Program Fund \$
<b>ASSETS</b>		
Current Assets		
Cash	136,209	44,249
Accounts receivable	-	-
HST recoverable	66,231	-
Prepaid expenses	24,543	-
	<u>226,983</u>	<u>44,249</u>
Capital assets (note 2)	-	-
	<u>226,983</u>	<u>44,249</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable and accrued liabilities (note 6)	226,983	7,104
Current portion of mortgage payable (note 4)	-	-
	<u>226,983</u>	<u>7,104</u>
Mortgage payable (note 4)	-	-
<b>FUNDS BALANCES</b>		
Unrestricted	-	-
Restricted, invested in capital assets	-	-
Restricted (note 5)	-	37,145
	-	<u>37,145</u>
	<u>226,983</u>	<u>44,249</u>

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board of Directors:

Director

Director

# MADISON COMMUNITY SERVICES

Craigleigh Project Fund \$	Craigleigh Replacement Reserve Fund \$	Program Fund \$	2019 Total \$
122,828	85,871	241,772	<b>630,929</b>
-	-	618,983	<b>618,983</b>
-	-	-	<b>66,231</b>
-	-	5,545	<b>30,088</b>
<u>122,828</u>	<u>85,871</u>	<u>866,630</u>	<u><b>1,346,231</b></u>
<u>349,865</u>	-	<u>215,570</u>	<u><b>565,435</b></u>
<u>472,693</u>	<u>85,871</u>	<u>1,081,870</u>	<u><b>1,911,666</b></u>
4,967	-	153,688	<b>392,742</b>
51,130	-	-	<b>51,130</b>
<u>56,097</u>	-	<u>153,688</u>	<u><b>443,872</b></u>
<u>294,521</u>	-	-	<u><b>294,521</b></u>
-	-	535,586	<b>535,586</b>
4,213	-	215,570	<b>219,783</b>
<u>117,862</u>	<u>85,871</u>	<u>177,026</u>	<u><b>417,904</b></u>
<u>122,075</u>	<u>85,871</u>	<u>928,182</u>	<u><b>1,173,273</b></u>
<u>472,693</u>	<u>85,871</u>	<u>1,081,870</u>	<u><b>1,911,666</b></u>

# MADISON COMMUNITY SERVICES

## Statement of Financial Position

March 31, 2018

	Ministry of Health Fund \$	Rent Supplement Program Fund \$
<b>ASSETS</b>		
Current Assets		
Cash	84,980	50,043
Accounts receivable	2,622	-
HST recoverable	39,602	-
Prepaid expenses	27,596	-
	<u>154,800</u>	<u>50,043</u>
Capital assets ( <i>note 2</i> )	-	-
	<u>154,800</u>	<u>50,043</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable and accrued liabilities	154,800	14,963
Current portion of mortgage payable	-	-
	<u>154,800</u>	<u>14,963</u>
Mortgage payable	-	-
<b>FUNDS BALANCES</b>		
Unrestricted	-	-
Restricted, invested in capital assets	-	-
Restricted	-	35,080
	<u>-</u>	<u>35,080</u>
	<u>154,800</u>	<u>50,043</u>

The accompanying notes are an integral part of these financial statements.

# MADISON COMMUNITY SERVICES

Craigleigh Project Fund \$	Craigleigh Replacement Reserve Fund \$	Program Fund \$	2018 Total \$
98,573	82,914	468,367	784,877
-	-	185,489	188,111
-	-	-	39,602
-	-	5,545	33,141
<u>98,573</u>	<u>82,914</u>	<u>659,401</u>	<u>1,045,731</u>
<u>400,276</u>	-	<u>227,807</u>	<u>628,083</u>
<u>498,849</u>	<u>82,914</u>	<u>887,208</u>	<u>1,673,814</u>
4,967	-	175,217	349,947
50,412	-	-	50,412
<u>55,379</u>	-	<u>175,217</u>	<u>400,359</u>
<u>345,651</u>	-	-	<u>345,651</u>
-	-	372,466	372,466
4,213	-	227,807	232,020
<u>93,606</u>	<u>82,914</u>	<u>111,718</u>	<u>323,318</u>
<u>97,819</u>	<u>82,914</u>	<u>711,991</u>	<u>927,804</u>
<u>498,849</u>	<u>82,914</u>	<u>887,208</u>	<u>1,673,814</u>



# MADISON COMMUNITY SERVICES

## Statement of Revenues and Expenses

Years ended March 31

	Ministry of Health Fund		Rent Supplement Program Fund	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>Revenues</b>				
Ministry of Health and Long-Term Care				
- base	<b>1,374,798</b>	1,347,841	<b>139,500</b>	133,709
- prior year subsidy adjustment	-	-	<b>3,397</b>	-
- replacement reserve	-	-	-	-
- sessional fees	<b>10,800</b>	10,800	-	-
- one time funding	-	-	-	-
- various	-	2,622	-	-
Rents	-	-	-	-
University Health Network	-	-	-	-
City of Toronto	-	-	-	-
CAMH	-	-	-	-
Habitat	-	-	-	-
Immigration, Refugees and Citizenship Canada	-	-	-	-
IIN	-	-	-	-
MCI	-	-	-	-
Echo Foundation	-	-	-	-
United Way	-	-	-	-
City of Toronto - SSHA	-	-	-	-
St. Clare's Multifaith Housing Society	-	-	-	-
Fundraising and donations	-	-	-	-
Insurance proceeds	-	-	-	-
	<b>1,385,598</b>	1,361,263	<b>142,897</b>	133,709
<b>Expenses</b>				
Salaries and benefits	<b>1,034,702</b>	1,061,397	-	-
Building	-	-	<b>140,832</b>	133,951
Outside services	<b>59,806</b>	40,315	-	-
Supplies and equipment	<b>25,289</b>	38,799	-	-
Administrative	<b>79,356</b>	75,796	-	-
Travel	<b>35,471</b>	29,546	-	-
Office rent	<b>111,519</b>	119,558	-	-
One time expenses	-	-	-	-
Mortgage interest	-	-	-	-
Amortization	-	-	-	-
	<b>1,346,143</b>	1,365,411	<b>140,832</b>	133,951
Excess or revenues over expenses (expenses over revenues) before the undernoted	<b>39,455</b>	(4,148)	<b>2,065</b>	(242)
Amounts refundable to Funders (note 6)	<b>(39,455)</b>	-	-	-
Excess of revenues over expenses (expenses over revenues) for year	-	(4,148)	<b>2,065</b>	(242)

The accompanying notes are an integral part of these financial statements.

# MADISON COMMUNITY SERVICES

Craigleigh Program Fund		Craigleigh Replacement Reserve Fund		Program Fund		Total	
2019	2018	2019	2018	2019	2018	2019	2018
\$	\$	\$	\$	\$	\$	\$	\$
118,606	116,616	-	-	-	-	1,632,904	1,598,166
-	-	-	-	-	-	3,397	-
-	-	2,957	4,657	-	-	2,957	4,657
-	-	-	-	-	-	10,800	10,800
-	-	-	-	3,351	178,000	3,351	180,622
16,205	15,055	-	-	167,033	181,927	183,238	196,982
-	-	-	-	5,000	5,000	5,000	5,000
-	-	-	-	48,850	-	48,850	-
-	-	-	-	317,814	286,107	317,814	286,107
-	-	-	-	95,867	-	95,867	-
-	-	-	-	647,582	600,235	647,582	600,235
-	-	-	-	37,573	27,268	37,573	27,268
-	-	-	-	50,000	50,000	50,000	50,000
-	-	-	-	35,000	65,000	35,000	65,000
-	-	-	-	100,000	-	100,000	-
-	-	-	-	374,343	-	374,343	-
-	-	-	-	42,212	-	42,212	-
-	-	-	-	82,546	83,984	82,546	83,984
21,000	-	-	-	-	-	21,000	-
155,811	131,671	2,957	4,657	2,007,171	1,477,521	3,694,434	3,108,821
23,000	23,000	-	-	1,004,697	817,203	2,062,399	1,901,600
42,262	30,325	-	-	150,050	157,917	333,144	322,193
-	-	-	-	-	-	59,806	40,315
-	-	-	-	195,517	121,923	220,806	160,722
10,600	10,914	-	-	-	-	89,956	86,710
-	-	-	-	-	-	35,471	29,546
-	-	-	-	643	-	112,162	119,558
-	-	-	-	307,203	51,250	307,203	51,250
5,281	5,990	-	-	-	-	5,281	5,990
50,412	49,703	-	-	24,156	21,772	74,568	71,475
131,555	119,932	-	-	1,682,266	1,170,065	3,300,796	2,789,359
24,256	11,739	2,957	4,657	324,905	307,456	393,638	319,462
-	-	-	-	(108,714)	(126,750)	(148,169)	(126,750)
24,256	11,739	2,957	4,657	216,191	180,706	245,469	192,712

# MADISON COMMUNITY SERVICES

---

## Statement of Changes in Fund Balances

---

Year ended March 31, 2019

	<b>Ministry of Health Fund \$</b>	<b>Rent Supplement Program \$</b>
Funds balance, beginning of year	-	35,080
Excess of revenues over expenses (expenses over revenues) for year	-	2,065
Funds balance, end of year	-	<u>37,145</u>

Year ended March 31, 2018

	<b>Ministry of Health Fund \$</b>	<b>Rent Supplement Program \$</b>
Funds balance, beginning of year	-	35,322
Excess of revenues over expenses (expenses over revenues) for year	(4,148)	(242)
Funds transferred from Program Fund to cover shortfall	4,148	-
Funds balance, end of year	-	<u>35,080</u>

The accompanying notes are an integral part of these financial statements.

# MADISON COMMUNITY SERVICES

---

---

<b>Craigleigh Project Fund \$</b>	<b>Craigleigh Replacement Reserve Fund \$</b>	<b>Program Fund \$</b>	<b>2019 Total \$</b>
97,819	82,914	711,991	927,804
24,256	2,957	216,191	245,469
<b>122,075</b>	<b>85,871</b>	<b>928,182</b>	<b>1,173,273</b>

<b>Craigleigh Project Fund \$</b>	<b>Craigleigh Replacement Reserve Fund \$</b>	<b>Program Fund \$</b>	<b>2018 Total \$</b>
86,080	78,257	535,433	735,092
11,739	4,657	180,706	192,712
-	-	(4,148)	-
<b>97,819</b>	<b>82,914</b>	<b>711,991</b>	<b>927,804</b>

# MADISON COMMUNITY SERVICES

## Statement of Cash Flows

Year ended March 31, 2019	2019 \$	2018 \$
Cash flows from operating activities		
Excess of revenues over expenses for year	245,469	192,712
Item not requiring a current cash outlay		
Amortization	74,568	71,476
	<u>320,037</u>	<u>264,188</u>
Changes in non-cash working capital		
Decrease (increase) in accounts receivable	(430,872)	93,200
Decrease (increase) in HST recoverable	(26,629)	(16,067)
Decrease (increase) in prepaid expenses	3,053	549
Increase in accounts payable and accrued liabilities	42,795	148,294
	<u>(411,653)</u>	<u>490,164</u>
Cash flows from financing activities		
Decrease in mortgage payable	(50,412)	(49,703)
Cash flows from investing activities		
Purchase of capital assets	(11,920)	(1,148)
Change in cash	(153,948)	439,313
Cash, beginning of year	784,877	345,564
Cash, end of year	<u>630,929</u>	<u>784,877</u>

The accompanying notes are an integral part of these financial statements.

March 31, 2019

### **Purpose of the Organization**

Madison Avenue Housing and Support Services Inc. was incorporated October 13, 1981 under the laws of Ontario as a corporation without share capital. On August 6, 2010 Madison Avenue Housing and Support Services Inc. changed the name of the Organization to Madison Community Services (the "Organization").

The Organization is registered as a charitable organization under the Income Tax Act.

Madison Community Services is a community-based supportive housing organization. The objectives of the Organization are to promote the health, well-being and community integration of people 16 years of age and over with serious mental health issues through advocacy, education and the provision of a broad range of high quality community based support services.

### **1. Significant accounting policies**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, except for those accounting standards presented by the Ontario Ministry of Health and Long-Term Care to record capital assets and reserves (note 1(a)(iii) and 1(c)) (the "Framework"). The Framework is a disclosed basis of accounting and is a compliance framework. In this regard, these financial statements have not been prepared in accordance with Canadian generally accepted accounting principles.

The Organization's significant accounting policies follow:

#### **a) Fund accounting**

The Organization follows the restricted fund method of accounting for contributions whereby all contributions are recognized as revenue when received or receivable.

##### **i) Ministry of Health Fund and Rent Supplement Program Fund**

The Ministry of Health Fund and Rent Supplement Program Fund are externally restricted funds and account for all contributions and expenses towards the operation of supportive housing. All unexpended funds are repayable to the Ministry of Health and Long-Term Care.

##### **ii) Craigeigh Project Fund**

The Craigeigh Project Fund, funded by Ministry of Health and Long-Term Care, is an externally restricted fund and accounts for all contributions and expenses towards the operation of an 11 unit non-profit housing complex.

##### **iii) Craigeigh Replacement Reserve Fund**

The Replacement Reserve Fund is an externally restricted fund established to provide for major repairs on the Craigeigh Project Fund housing complex. Purchases of a capital nature, other than building, are expensed in the year of acquisition from the Replacement Reserve Fund.

##### **iv) Program Fund**

The Program Fund is a fund where donation and other program revenue is managed by the Organization.

# MADISON COMMUNITY SERVICES

---

## Notes to Financial Statements (continued)

---

March 31, 2019

### 1. Significant accounting policies (continued)

#### b) Financial instruments

##### i) Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by transaction costs in the case where a financial asset or financial liability is subsequently measured at amortized cost.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and mortgage payable.

##### ii) Impairment

At the end of each reporting period, the Organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Organization, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract, such as a default or delinquency in interest or principal payments; or bankruptcy or other financial reorganization proceedings.

When there is an indication of impairment, the Organization determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When the Organization identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the asset to the highest of the following:

- the present value of the cash flows expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset;
- the amount that could be realized by selling the asset at the statement of financial position date; and
- the amount the Organization expects to realize by exercising its rights to any collateral held to secure repayment of the asset net of all costs necessary to exercise those rights.

The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statements of revenues and expenses.

When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, directly or by adjusting the allowance account. The amount of the reversal is recognized in the statements of operations in the period the reversal occurs.

---

Notes to Financial Statements (continued)

---

March 31, 2019

1. **Significant accounting policies (continued)**

c) **Capital assets**

The costs of capital assets are capitalized upon meeting the criteria for recognition as a capital asset. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

Capital assets are measured at cost less accumulated amortization and accumulated impairment losses.

Buildings are recorded at acquisition cost. Amortization of the Craikleigh Project Fund building is equivalent to the annual principal repayments on the mortgage. Amortization of the Program Fund building is 5% per annum on a straight-line basis. Amortization of furniture and equipment and computer equipment is 20% per annum on a straight line basis.

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If any potential impairment is identified, the amount of the impairment is quantified by comparing the carrying value of the capital asset to its fair value. Any impairment of the capital asset is recognized in income in the year in which the impairment occurs.

An impairment loss is not reversed if the fair value of the capital asset subsequently increases.

d) **Management estimates**

The preparation of financial statements in conformity with the Framework requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.



# MADISON COMMUNITY SERVICES

## Notes to Financial Statements (continued)

March 31, 2019

### 2. Capital assets

	Cost \$	Accumulated Amortization \$	2019 Net \$
<b>Craigleigh Project Fund</b>			
Building	1,054,275	704,410	349,865
<b>Program Fund</b>			
Land	170,195	-	170,195
Building	233,000	198,050	34,950
Furniture and equipment	48,461	48,461	-
Computer equipment	28,115	17,690	10,425
	<u>479,771</u>	<u>264,201</u>	<u>215,570</u>
	<b>Cost</b> \$	<b>Accumulated</b> <b>Amortization</b> \$	<b>2018</b> <b>Net</b> \$
<b>Craigleigh Project Fund</b>			
Building	1,054,275	653,999	400,276
<b>Program Fund</b>			
Land	170,195	-	170,195
Building	233,000	186,400	46,600
Furniture and equipment	48,461	38,769	9,692
Computer equipment	16,196	14,876	1,320
	<u>467,852</u>	<u>240,045</u>	<u>227,807</u>

### 3. Financial instrument risk management

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The following disclosures provide information to assist users of the financial statements in assessing the extent of risk related to the Organization's financial instruments.

The Organization manages its exposure to the risks associated with financial instruments that have the potential to affect its operating and financial performance in accordance with its risk management policy. The objective of the policy is to reduce volatility in cash flow and earnings. The Organization monitors compliance with risk management policies and reviews risk management policies and procedures on an annual basis.

---

**Notes to Financial Statements (continued)**

---

March 31, 2019

**3. Financial instrument risk management (continued)**

**Credit risk**

The Organization is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Organization could incur a financial loss. The Organization does not hold directly any collateral as security for financial obligations of counterparties.

The maximum exposures of the Organization to credit risk at March 31, 2019 are as follows:

	2019 \$	2018 \$
Cash	630,929	784,877
Accounts receivable	618,983	188,111
	1,249,912	972,988

Cash: Credit risk associated with cash is minimized substantially by ensuring that these assets are invested in major financial institutions that have been accorded investment grade ratings by a primary rating agency; and/or other credit-worthy parties.

Receivables: The Organization is not exposed to significant credit risk on its receivables as the receivables are primarily due from the Organization's funders.

**Liquidity risk**

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the Organization not being able to liquidate assets in a timely manner at a reasonable price.

The Organization meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash. The organization has exposure to liquidity risk in accounts payable and accrued liabilities to a maximum of \$739,321 (2018 - \$746,010).

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

**Currency risk**

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

The functional currency of the Organization is the Canadian dollar. The Organization does not enter into transactions in foreign currencies.

**MADISON COMMUNITY SERVICES**

---

**Notes to Financial Statements (continued)**

---

March 31, 2019

**3. Financial instrument risk management (continued)**

**Interest rate risk**

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The exposure of the Organization to interest rate risk arises from its interest bearing assets.

Fluctuations in market rates of interest on cash do not have a significant impact on the Organization's results of operations.

**Other price risk**

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. The Organization is not subject to other price risk.

**Changes in risk**

There have been no changes in the Organization's risk exposures from the prior year.

**4. Mortgage payable**

The mortgage bears interest at 1.420%, is repayable in blended monthly payments of \$4,641 and matures September 1, 2020. The mortgage is secured by property with a book value of \$349,865.

Principal payments are due as follows:

	<u>          </u>	\$
2020	51,130	
2021	<u>294,521</u>	
	<u>345,651</u>	

# MADISON COMMUNITY SERVICES

## Notes to Financial Statements (continued)

March 31, 2019

### 5. Restricted Funds

The Restricted Fund balances consist of the following:

	2019 \$	2018 \$
Echo Foundation (restricted for RISE program only)	100,000	65,000
MCI	10,018	46,718
United Way	57,642	-
City of Toronto – 163 Spadina	9,366	-
	177,026	111,718
	177,026	111,718

### 6. Amount refundable to Funders

Amounts refundable to Funders included in accounts payable and accrued liabilities consist of the following:

	2019 \$	2018 \$
<b>Ministry of Health Fund</b>		
Ministry of Health	39,455	-
	39,455	-
<b>Program Fund</b>		
Ministry of Health	-	126,750
United Way	5,907	-
Pathways to Home	102,732	-
St. Clare's Multifaith Housing Society	75	-
	108,714	126,750
	148,169	126,750

### 7. Commitments

The Organization is committed to leasing its office premises to March 31, 2021 and office equipment. Minimum lease payments including estimated operating costs and property taxes are as follows:

2020	143,188
2021	143,188
	\$ 286,376

# HILBORN

LISTENERS. THINKERS. DOERS.