



Hilborn Ellis Grant LLP
Chartered Accountants

Auditors' Report

To the Members of
Madison Community Services

We have audited the statement of financial position of **Madison Community Services** as at March 31, 2010 and the statements of revenues and expenses, changes in fund balances and cash flows for the year then ended. The financial statements have been prepared to comply with Ontario Ministry of Health reporting requirements. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the organization derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donation revenues, excess of revenues over expenses, assets and funds balances.

In our opinion, except for the effect of adjustments, if any, which we may have determined to be necessary if we had been able to satisfy ourselves concerning the completeness of donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2010 and the results of its operations and changes in its cash flows for the year then ended in accordance with the basis of accounting described in note 2(a) of the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Members of Madison Community Services to comply with Ministry of Health reporting requirements. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purposes.

Hilborn Ellis Grant LLP

Toronto, Ontario
July 5, 2010

Chartered Accountants
Licensed Public Accountants

MADISON COMMUNITY SERVICES

Statement of Financial Position

March 31, 2010

	Ministry of Health Fund \$	Rent Supplement Program Fund \$
ASSETS		
Current Assets		
Cash and short-term investments	18,209	-
Accounts receivable	14,845	32,168
Prepaid expenses	31,581	14,710
	<u>64,635</u>	<u>46,878</u>
Capital assets <i>(note 3)</i>	<u>-</u>	<u>-</u>
	<u>64,635</u>	<u>46,878</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	64,635	30,223
Current portion of mortgage payable <i>(note 5)</i>	-	-
	<u>64,635</u>	<u>30,223</u>
Mortgage payable <i>(note 5)</i>	<u>-</u>	<u>-</u>
FUNDS BALANCES		
Unrestricted	-	-
Restricted, invested in capital assets	-	-
Restricted	-	16,655
	<u>-</u>	<u>16,655</u>
	<u>64,635</u>	<u>46,878</u>

Approved on behalf of the Board:

Director

Director

MADISON COMMUNITY SERVICES

Craigleigh Project Fund \$	Craigleigh Replacement Reserve Fund \$	Program Fund \$	2010 Total \$	2009 Total \$
32,071	67,994	60,761	179,035	236,726
21,568	-	25,923	94,504	11,068
4,804	-	-	51,095	64,141
58,443	67,994	86,684	324,634	311,935
750,668	-	309,995	1,060,663	1,107,003
809,111	67,994	396,679	1,385,297	1,418,938
108	-	-	94,966	117,551
746,454	-	-	746,454	34,690
746,562	-	-	841,420	152,241
-	-	-	-	746,454
-	-	86,684	86,684	73,386
3,880	-	309,995	313,875	325,525
58,669	67,994	-	143,318	121,332
62,549	67,994	396,679	543,877	520,243
809,111	67,994	396,679	1,385,297	1,418,938

MADISON COMMUNITY SERVICES

Statement of Revenues and Expenses

Year ended March 31, 2010

	Ministry of Health Fund		Rent Supplement Program Fund	
	2010	2009	2010	2009
	\$	\$	\$	\$
Revenues				
Ministry of Health and Long-Term Care				
- base	1,312,922	1,282,579	96,540	100,689
- current year subsidy adjustment	-	-	(6,188)	-
- prior year subsidy adjustment	-	-	(2,042)	16,494
- replacement reserve	-	-	-	-
- one time funding				
- legal fees	-	-	27,569	-
- flood damage	-	-	16,000	-
Rents	157,878	148,835	87,939	87,698
Ministry of Municipal Affairs	-	-	-	-
The Toronto District School Board	-	-	-	-
The Ontario Trillium Foundation	-	-	-	-
University Health Network	-	-	-	-
Fundraising and donations	-	-	-	-
Cleaning	-	-	-	-
Rental administration fee	-	-	-	-
Interest	149	411	-	-
Other	-	-	-	-
	1,470,949	1,431,825	219,818	204,881
Expenses				
Salaries and benefits	1,087,419	1,049,101	-	-
Building	157,878	154,103	194,291	177,579
Outside services	37,557	41,083	28,801	7,632
Supplies and equipment	41,074	53,838	-	-
Administrative	54,468	52,749	-	-
Travel	18,503	17,803	-	-
Office rent	74,050	74,359	-	-
Mortgage interest	-	-	-	-
Amortization	-	-	-	-
	1,470,949	1,443,036	223,092	185,211
Excess of revenues over expenses				
(expenses over revenues) for year	-	(11,211)	(3,274)	19,670

MADISON COMMUNITY SERVICES

Craigleigh Program Fund		Craigleigh Replacement Reserve Fund		----- Program Fund -----		----- Total -----	
2010	2009	2010	2009	2010	2009	2010	2009
\$	\$	\$	\$	\$	\$	\$	\$
121,078	117,729	-	-	-	-	1,530,540	1,500,997
-	-	-	-	-	-	(6,188)	-
1,611	(1,917)	-	-	-	-	(431)	14,577
-	-	3,913	6,401	-	-	3,913	6,401
-	-	-	-	-	-	27,569	-
-	-	-	-	-	-	16,000	-
24,746	17,990	-	-	-	-	270,563	254,523
-	-	-	-	59,114	-	59,114	-
-	-	-	-	18,000	-	18,000	-
-	-	-	-	14,800	-	14,800	-
-	-	-	-	5,000	5,000	5,000	5,000
-	-	-	-	14,067	2,143	14,067	2,143
-	-	-	-	7,020	7,020	7,020	7,020
-	-	-	-	6,600	6,625	6,600	6,625
-	257	453	1,382	418	-	1,020	2,050
-	-	-	-	6,101	-	6,101	-
147,435	134,059	4,366	7,783	131,120	20,788	1,973,688	1,799,336
12,120	14,120	-	-	24,290	7,279	1,123,829	1,070,500
44,117	45,061	-	-	64,358	-	460,644	376,743
-	-	-	-	-	-	66,358	48,715
-	-	-	-	29,174	90	70,248	53,928
6,450	10,078	-	-	-	-	60,918	62,827
-	-	-	-	-	-	18,503	17,803
-	-	-	-	-	-	74,050	74,359
29,164	30,459	-	-	-	-	29,164	30,459
34,690	33,394	-	-	11,650	11,650	46,340	45,044
126,541	133,112	-	-	129,472	19,019	1,950,054	1,780,378
20,894	947	4,366	7,783	1,648	1,769	23,634	18,958

MADISON COMMUNITY SERVICES

Statement of Changes in Fund Balances

Year ended March 31, 2010

	Ministry of Health Fund \$	Rent Supplement Program \$
Funds balance, beginning of year	-	19,929
Excess of revenues over expenses (expenses over revenues) for year	-	(3,274)
Funds balance, end of year	-	16,655

MADISON COMMUNITY SERVICES

Craigleigh Project Fund \$	Craigleigh Replacement Reserve Fund \$	Program Fund \$	2010 Total \$	2009 Total \$
41,655	63,628	395,031	520,243	501,285
20,894	4,366	1,648	23,634	18,958
62,549	67,994	396,679	543,877	520,243

MADISON COMMUNITY SERVICES

Statement of Cash Flows

Year ended March 31, 2010	2010 \$	2009 \$
Cash flows from operating activities		
Excess of revenues over expenses for year	23,634	18,958
Item not requiring a current cash outlay		
Amortization	46,340	45,044
	69,974	64,002
Changes in non-cash working capital		
Decrease (increase) in accounts receivable	(83,436)	19,747
Decrease (increase) in prepaid expenses	13,046	(50,156)
Increase (decrease) in accounts payable and accrued liabilities	(22,585)	13,926
	(23,001)	47,519
Cash flows from financing activities		
Decrease in mortgage payable	(34,690)	(33,395)
Increase (decrease) in cash during year	(57,691)	14,124
Cash, beginning of year	236,726	222,602
Cash, end of year	179,035	236,726
	2010 \$	2009 \$
Supplementary Disclosure of Cash Flow Information		
Interest paid	29,164	30,459

Notes to Financial Statements

March 31, 2010

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

On August 6, 2009 the organization filed an application for Supplementary Letter Patent to change the name of the organization to Madison Community Services

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.

2. Significant Accounting Policies and General

a) Fund accounting

The organization follows the restricted fund method of accounting for contributions. These financial statements have been prepared using accounting principles required by the Ministry of Health and Long-Term Care to record capital assets and reserves (note 2(a)(iii) and 2(b)). In this regard, these financial statements are not in accordance with Canadian generally accepted accounting principles.

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 an unrestricted fund where donation and other program revenue not tied to grants or subsidies is managed by the organization.

MADISON COMMUNITY SERVICES

Notes to Financial Statements (continued)

March 31, 2010

2. Significant Accounting Policies and General (continued)

b) Capital assets

Buildings are recorded at acquisition cost. Amortization of the Craigeigh 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. Capital asset purchases in the Ministry of Health Fund are expensed in the period incurred.

c) Management estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

The key area where management has made estimates is in the determination of the amortization of capital assets. Actual results could differ from this and other estimates, the impact of which would be recorded in future periods.

d) Financial instruments

Financial instruments are classified into one of the following five categories: held for trading, held to maturity, loans and receivables, available for sale, or other financial liabilities. The classification determines the accounting treatment of the instruments. The classification is determined by the organization when the financial instrument is initially recorded, based on the underlying purpose of the instrument.

The financial assets and financial liabilities of the organization are classified and measured as follows:

Financial Asset/Liability	Category	Measurement
Short-term investments	Held-for-trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Cash	Available for sale	Fair value
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Long-term accounts payable	Other financial liabilities	Amortized cost

Financial instruments measured at amortized cost are initially recognized at fair value and then subsequently at amortized cost with gains and losses recognized in the statement of operations in the period in which the gain or loss occurs.

The fair value of a financial instrument is the estimated amount that the organization would receive or pay to settle a financial asset or financial liability as at the reporting date.

MADISON COMMUNITY SERVICES

Notes to Financial Statements (continued)

March 31, 2010

2. Significant Accounting Policies and General (continued)

d) Financial instruments (continued)

Short-term investments, consisting of guaranteed investment certificates, are carried at fair value which is estimated to be at cost plus accrued interest.

The mortgage payable is measured at amortized cost using the effective interest method of amortization. The fair value of the mortgage payable is equal to its carrying cost.

The organization's other financial instruments include cash, accounts receivable and accounts payable and accrued liabilities. The carrying value of these financial instruments approximates their fair value, unless otherwise noted.

3. Capital Assets

	Cost \$	Accumulated Amortization \$	2010 Net \$	2009 Net \$
Craigleigh Project Fund				
Building	1,054,275	303,607	750,668	785,358
Program Fund				
Land	170,000	-	170,000	170,000
Building	233,195	93,200	139,995	151,645
	403,195	93,200	309,995	321,645

MADISON COMMUNITY SERVICES

Notes to Financial Statements (continued)

March 31, 2010

4. Capital Disclosures

The organization's objectives in managing its capital, which it defines as its net assets, are to maintain a sufficient level to provide for normal operating requirements on an ongoing basis and to continue its mission as disclosed in note 1. The organization monitors its capital in order to ensure it has sufficient revenue before committing to expenditures.

5. Mortgage Payable

The mortgage bears interest at 3.840%, is repayable in blended monthly payments of \$5,321 and matures September 1, 2010.

6. Commitments

The organization is committed to lease its office premises until May 31, 2013. Minimum lease payments plus estimated operating costs are as follows:

2011	\$ 78,000
2012	78,000
2013	78,000
2014	<u>13,000</u>
	<u>\$ 247,000</u>