

MADISON COMMUNITY SERVICES

FINANCIAL STATEMENTS

MARCH 31, 2011

Hilborn Ellis Grant LLP

Chartered Accountants

Toronto, Ontario





Hilborn Ellis Grant LLP
Chartered Accountants

Independent Auditor's Report

To the Board of
Madison Community Services

We have audited the accompanying financial statements of **Madison Community Services**, which comprise the statement of financial position as at March 31, 2011, and the statement of revenue and expenses, statement of changes in fund balances and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management based on the financial reporting requirements of the Ministry of Health.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting requirements of the Ministry of Health, 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 of **Madison Community Services** for the year ended March 31, 2011 are prepared, in all material respects, in accordance with the financial reporting requirements of the Ministry of Health.

Basis of Accounting

Without further modifying our opinion, we draw attention to note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared for the information and use of the Board of Madison Community Services to comply with Ministry of Health reporting requirements. As a result, the financial statements may not be suitable for another purpose.

Hilborn Ellis Grant LLP

Toronto, Ontario
June 29, 2011

Chartered Accountants
Licensed Public Accountants

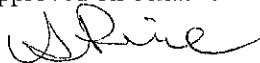
MADISON COMMUNITY SERVICES

Statement of Financial Position

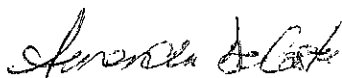
March 31, 2011

	Ministry of Health Fund \$	Rent Supplement Program Fund \$
ASSETS		
Current Assets		
Cash and short-term investments	28,651	-
Accounts receivable	34,523	36,370
Prepaid expenses	30,645	14,710
	<u>93,819</u>	<u>51,080</u>
Capital assets (note 3)	-	-
	<u>93,819</u>	<u>51,080</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	93,819	28,443
Current portion of mortgage payable (note 5)	-	-
	<u>93,819</u>	<u>28,443</u>
Mortgage payable (note 5)	-	-
FUNDS BALANCES		
Unrestricted	-	-
Restricted, invested in capital assets	-	-
Restricted	-	22,637
	<u>-</u>	<u>22,637</u>
	<u>93,819</u>	<u>51,080</u>

Approved on behalf of the Board:



Director



Director



MADISON COMMUNITY SERVICES

Craigleigh Project Fund \$	Craigleigh Replacement Reserve Fund \$	Program Fund \$	2011 Total \$	2010 Total \$
99,139	72,999	24,857	225,646	179,035
-	-	70,503	141,396	94,504
-	-	-	45,355	51,095
99,139	72,999	95,360	412,397	324,634
713,264	-	309,581	1,022,845	1,060,663
812,403	72,999	404,941	1,435,242	1,385,297
16,180	-	-	138,442	94,966
40,180	-	-	40,180	746,454
56,360	-	-	178,622	841,420
668,871	-	-	668,871	-
-	-	95,360	95,360	86,684
4,213	-	309,581	313,794	313,875
82,959	72,999	-	178,595	143,318
87,172	72,999	404,941	587,749	543,877
812,403	72,999	404,941	1,435,242	1,385,297

MADISON COMMUNITY SERVICES

Statement of Revenues and Expenses

Year ended March 31, 2011

	Ministry of Health Fund		Rent Supplement Program Fund	
	2011	2010	2011	2010
	\$	\$	\$	\$
Revenues				
Ministry of Health and Long-Term Care				
- base	1,335,205	1,312,922	105,072	96,540
- current year subsidy adjustment	-	-	(5,804)	(6,188)
- prior year subsidy adjustment	-	-	(2,819)	(2,042)
- prior year sessional adjustment	(4,413)	-	-	-
- replacement reserve	-	-	-	-
- sessional fees	686	-	-	-
- one time funding				
- legal fees	-	-	8,801	27,569
- flood damage	-	-	-	16,000
Rents	173,873	157,878	93,180	87,939
Ministry of Municipal Affairs	-	-	-	-
The Toronto District School Board	-	-	-	-
The Ontario Trillium Foundation	-	-	-	-
University Health Network	-	-	-	-
CAMH	-	-	-	-
Fundraising and donations	-	-	-	-
Cleaning	-	-	-	-
Rental administration fee	-	-	-	-
Interest	1	149	-	-
Other	-	-	-	-
	1,505,352	1,470,949	198,430	219,818
Expenses				
Salaries and benefits	1,134,242	1,087,419	-	-
Building	161,500	157,878	182,731	194,291
Outside services	37,982	37,557	9,717	28,801
Supplies and equipment	27,322	41,074	-	-
Administrative	47,635	54,468	-	-
Travel	20,786	18,503	-	-
Office rent	78,099	74,050	-	-
Mortgage interest	-	-	-	-
Amortization	-	-	-	-
	1,507,566	1,470,949	192,448	223,092
Excess of revenues over expenses (expenses over revenues) for year	(2,214)	-	5,982	(3,274)

MADISON COMMUNITY SERVICES

Craigleigh Program Fund		Craigleigh Replacement Reserve Fund		----- Program Fund -----		----- Total -----	
2011	2010	2011	2010	2011	2010	2011	2010
\$	\$	\$	\$	\$	\$	\$	\$
127,029	121,078	-	-	-	-	1,567,306	1,530,540
(16,180)	-	-	-	-	-	(21,984)	(6,188)
(1,656)	1,611	-	-	-	-	(4,475)	(431)
-	-	-	-	-	-	(4,413)	-
-	-	4,700	3,913	-	-	4,700	3,913
-	-	-	-	-	-	686	-
-	-	-	-	-	-	8,801	27,569
-	-	-	-	-	-	-	16,000
19,835	24,746	-	-	-	-	286,888	270,563
-	-	-	-	47,301	59,114	47,301	59,114
-	-	-	-	15,625	18,000	15,625	18,000
-	-	-	-	-	14,800	-	14,800
-	-	-	-	5,000	5,000	5,000	5,000
-	-	-	-	23,333	-	23,333	-
-	-	-	-	23,426	14,067	23,426	14,067
-	-	-	-	4,320	7,020	4,320	7,020
-	-	-	-	6,995	6,600	6,995	6,600
-	-	305	453	-	418	306	1,020
-	-	-	-	12,854	6,101	12,854	6,101
129,028	147,435	5,005	4,366	138,854	131,120	1,976,669	1,973,688
12,120	12,120	-	-	47,946	24,290	1,194,308	1,123,829
22,436	44,117	-	-	-	64,358	366,667	460,644
-	-	-	-	15,498	-	63,197	66,358
-	-	-	-	50,475	29,174	77,797	70,248
8,122	6,450	-	-	-	-	55,757	60,918
-	-	-	-	-	-	20,786	18,503
-	-	-	-	-	-	78,099	74,050
24,323	29,164	-	-	-	-	24,323	29,164
37,404	34,690	-	-	14,459	11,650	51,863	46,340
104,405	126,541	-	-	128,378	129,472	1,932,797	1,950,054
24,623	20,894	5,005	4,366	10,476	1,648	43,872	23,634

MADISON COMMUNITY SERVICES

Statement of Changes in Fund Balances

Year ended March 31, 2011

	Ministry of Health Fund \$	Rent Supplement Program \$
Funds balance, beginning of year	-	16,655
Excess of revenues over expenses (expenses over revenues) for year	(2,214)	5,982
Funds transferred from Program Fund to cover shortfall	2,214	-
Funds balance, end of year	<u>-</u>	<u>22,637</u>



MADISON COMMUNITY SERVICES

Craigleigh Project Fund \$	Craigleigh Replacement Reserve Fund \$	Program Fund \$	2011 Total \$	2010 Total \$
62,549	67,994	396,679	543,877	520,243
24,623	5,005	10,476	43,872	23,634
-	-	(2,214)	-	-
87,172	72,999	404,941	587,749	543,877



MADISON COMMUNITY SERVICES

Statement of Cash Flows

Year ended March 31, 2011	2011 \$	2010 \$
Cash flows from operating activities		
Excess of revenues over expenses for year	43,872	23,634
Item not requiring a current cash outlay		
Amortization	51,863	46,340
	<u>95,735</u>	<u>69,974</u>
Changes in non-cash working capital		
Increase in accounts receivable	(46,892)	(83,436)
Decrease in prepaid expenses	5,740	13,046
Increase (decrease) in accounts payable and accrued liabilities	43,476	(22,585)
	<u>98,059</u>	<u>(23,001)</u>
Cash flows from financing activities		
Decrease in mortgage payable	<u>(37,403)</u>	<u>(34,690)</u>
Cash flows from investing activities		
Purchase of capital assets	<u>(14,045)</u>	-
Increase (decrease) in cash during year	46,611	(57,691)
Cash, beginning of year	<u>179,035</u>	<u>236,726</u>
Cash, end of year	<u>225,646</u>	<u>179,035</u>
	2011	2010
		\$
Supplementary Disclosure of Cash Flow Information		
Interest paid	24,323	29,164



MADISON COMMUNITY SERVICES

Notes to Financial Statements

March 31, 2011

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, 2010 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) Craighigh Project Fund

The Craighigh 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) Craighigh Replacement Reserve Fund

The Replacement Reserve Fund is an externally restricted fund established to provide for major repairs on the Craighigh 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, 2011

2. Significant Accounting Policies and General (continued)

b) Capital assets

Buildings are recorded at acquisition cost. Amortization of the Craleigh 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:

<u>Financial Asset/Liability</u>	<u>Category</u>	<u>Measurement</u>
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, 2011

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 \$	2011 Net \$	2010 Net \$
Craigleigh Project Fund				
Building	1,054,275	341,011	713,264	750,668
Program Fund				
Land	170,000	-	170,000	170,000
Building	233,195	104,850	128,345	139,995
Computer equipment	14,045	2,809	11,236	-
	417,240	107,659	309,581	309,995

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.

MADISON COMMUNITY SERVICES

Notes to Financial Statements (continued)

March 31, 2011

5. Mortgage Payable

The mortgage bears interest at 2.828%, is repayable in blended monthly payments of \$4,967 and matures September 1, 2015.

6. CAMH

Included in the program fund is restricted funding received from CAMH as follows:

Grant received	<u>\$ 23,333</u>
Wages and benefits	4,469
Administrative	2,139
Communications	<u>160</u>
	<u>6,768</u>
Funds balance March 31, 2011	<u>\$ 16,565</u>

7. Commitments

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

2012	\$ 78,000
2013	78,000
2014	<u>13,000</u>
	<u>\$ 169,000</u>

8. Future Accounting Change

In December 2010 the Accounting Standards Board ("AcSB") issued Part III of the CICA Handbook - Accounting to provide Canadian private sector not-for-profit organizations with a new financial reporting framework for fiscal years beginning on or after January 1, 2012. Early adoption is permitted.

Until Part III of the Handbook is adopted, Madison Community Services will continue to follow the pre-changeover accounting standards in Part V of the Handbook.

Management is currently evaluating the implications of Part III of the Handbook and is developing a plan to meet the timetable published by the AcSB for adoption.





We give your business a hand to succeed.

Hilborn Ellis Grant LLP
Chartered Accountants
Since 1930

401 Bay Street, Suite 3100, P.O. Box 49
Toronto, Ontario, Canada M5H 2Y4
Telephone 416-364-1359
Facsimile 416-364-9503
hilbornellisgrant.com

CA¹

