

MADISON COMMUNITY SERVICES

FINANCIAL STATEMENTS

MARCH 31, 2012

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, 2012, 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, 2012 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.

Toronto, Ontario
June 21, 2012

Chartered Accountants
Licensed Public Accountants



MADISON COMMUNITY SERVICES

Statement of Financial Position

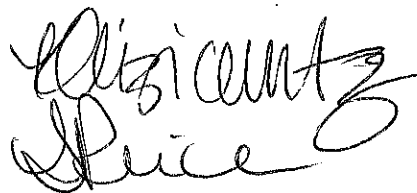
March 31, 2012

	Ministry of Health Fund \$	Rent Supplement Program Fund \$
ASSETS		
Current Assets		
Cash and short-term investments	5,130	31,564
Accounts receivable	36,469	8,801
Prepaid expenses	24,509	-
	<u>66,108</u>	<u>40,365</u>
Capital assets (note 3)	-	-
	<u>66,108</u>	<u>40,365</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	66,108	10,253
Current portion of mortgage payable (note 5)	-	-
	<u>66,108</u>	<u>10,253</u>
Mortgage payable (note 5)	-	-
FUNDS BALANCES		
Unrestricted	-	-
Restricted, invested in capital assets	-	-
Restricted	-	30,112
	<u>-</u>	<u>30,112</u>
	<u>66,108</u>	<u>40,365</u>

Approved on behalf of the Board:

Director

Director



MADISON COMMUNITY SERVICES

Craigleigh Project Fund \$	Craigleigh Replacement Reserve Fund \$	Program Fund \$	2012 Total \$	2011 Total \$
79,954	85,982	61,354	263,984	225,646
-	-	89,015	134,285	141,396
-	-	-	24,509	45,355
79,954	85,982	150,369	422,778	412,397
673,084	-	295,122	968,206	1,022,845
753,038	85,982	445,491	1,390,984	1,435,242
4,967	-	12,855	94,183	138,442
41,324	-	-	41,324	40,180
46,291	-	12,855	135,507	178,622
627,547	-	-	627,547	668,871
-	-	137,514	137,514	95,360
4,214	-	295,122	299,336	313,794
74,986	85,982	-	191,080	178,595
79,200	85,982	432,636	627,930	587,749
753,038	85,982	445,491	1,390,984	1,435,242

MADISON COMMUNITY SERVICES

Statement of Revenues and Expenses

Year ended March 31, 2012

	Ministry of Health Fund		Rent Supplement Program Fund	
	2012	2011	2012	2011
	\$	\$	\$	\$
Revenues				
Ministry of Health and Long-Term Care				
- base	1,355,124	1,335,205	111,302	105,072
- current year subsidy adjustment	-	-	-	(5,804)
- prior year subsidy adjustment	-	-	(7,918)	(2,819)
- prior year sessional adjustment	-	(4,413)	-	-
- replacement reserve	-	-	-	-
- sessional fees	3,041	686	-	-
- one time funding				
- legal fees	-	-	-	8,801
Rents	186,279	173,873	66,725	93,180
Ministry of Municipal Affairs	-	-	-	-
The Toronto District School Board	-	-	-	-
University Health Network	-	-	-	-
CAMH	-	-	-	-
Citizenship and Immigration Canada	-	-	-	-
Fundraising and donations	-	-	-	-
Cleaning	-	-	-	-
Rental administration fee	-	-	-	-
Interest	1	1	-	-
Other	-	-	14,710	-
	1,544,445	1,505,352	184,819	198,430
Expenses				
Salaries and benefits	1,112,620	1,134,242	-	-
Building	158,299	161,500	173,638	182,731
Outside services	50,441	37,982	3,706	9,717
Supplies and equipment	51,688	27,322	-	-
Administrative	68,571	47,635	-	-
Travel	27,012	20,786	-	-
Office rent	72,114	78,099	-	-
Mortgage interest	-	-	-	-
Amortization	-	-	-	-
	1,540,745	1,507,566	177,344	192,448
Excess or revenues over expenses				
(expenses over revenues) before the undernoted	3,700	(2,214)	7,475	5,982
Amount refundable to Toronto Central LHIN	(3,700)	-	-	-
Excess of revenues over expenses				
(expenses over revenues) for year	-	(2,214)	7,475	5,982



MADISON COMMUNITY SERVICES

Craigleigh Program Fund		Craigleigh Replacement Reserve Fund		----- Program Fund -----		----- Total -----	
2012	2011	2012	2011	2012	2011	2012	2011
\$	\$	\$	\$	\$	\$	\$	\$
107,614	127,029	-	-	-	-	1,574,040	1,567,306
-	(16,180)	-	-	-	-	-	(21,984)
1,229	(1,656)	-	-	-	-	(6,689)	(4,475)
-	-	-	-	-	-	-	(4,413)
-	-	6,657	4,700	-	-	6,657	4,700
-	-	-	-	-	-	3,041	686
-	-	-	-	-	-	-	8,801
19,943	19,835	-	-	-	-	272,947	286,888
-	-	-	-	-	47,301	-	47,301
-	-	-	-	23,000	15,625	23,000	15,625
-	-	-	-	8,974	5,000	8,974	5,000
-	-	-	-	308,000	23,333	308,000	23,333
-	-	-	-	229,722	-	229,722	-
-	-	-	-	38,581	23,426	38,581	23,426
-	-	-	-	-	4,320	-	4,320
-	-	-	-	4,669	6,995	4,669	6,995
-	-	411	305	-	-	412	306
-	-	-	-	6,674	12,854	21,384	12,854
128,786	129,028	7,068	5,005	619,620	138,854	2,484,738	1,976,669
18,927	12,120	-	-	375,958	47,946	1,507,505	1,194,308
37,264	22,436	-	-	-	-	369,201	366,667
-	-	-	-	-	15,498	54,147	63,197
-	-	-	-	201,508	50,475	253,196	77,797
15,053	8,122	-	-	-	-	83,624	55,757
-	-	-	-	-	-	27,012	20,786
-	-	-	-	-	-	72,114	78,099
19,419	24,323	-	-	-	-	19,419	24,323
40,180	37,404	-	-	14,459	14,459	54,639	51,863
130,843	104,405	-	-	591,925	128,378	2,440,857	1,932,797
(2,057)	24,623	7,068	5,005	27,695	10,476	43,881	43,872
-	-	-	-	-	-	(3,700)	-
(2,057)	24,623	7,068	5,005	27,695	10,476	40,181	43,872

MADISON COMMUNITY SERVICES

Statement of Changes in Fund Balances

Year ended March 31, 2012

	Ministry of Health Fund \$	Rent Supplement Program \$
Funds balance, beginning of year	-	22,637
Excess of revenues over expenses (expenses over revenues) for year	-	7,475
Funds transferred from Program Fund to cover shortfall	-	-
Funds balance, end of year	-	30,112



MADISON COMMUNITY SERVICES

Craigleight Project Fund \$	Craigleight Replacement Reserve Fund \$	Program Fund \$	2012 Total \$	2011 Total \$
87,172	72,999	404,941	587,749	543,877
(2,057)	7,068	27,695	40,181	43,872
(5,915)	5,915	-	-	-
79,200	85,982	432,636	627,930	587,749

MADISON COMMUNITY SERVICES

Statement of Cash Flows

Year ended March 31, 2012	2012 \$	2011 \$
Cash flows from operating activities		
Excess of revenues over expenses for year	40,181	43,872
Item not requiring a current cash outlay		
Amortization	54,639	51,863
	<u>94,820</u>	<u>95,735</u>
Changes in non-cash working capital		
Decrease (increase) in accounts receivable	7,111	(46,892)
Decrease in prepaid expenses	20,846	5,740
Increase (decrease) in accounts payable and accrued liabilities	(44,259)	43,476
	<u>78,518</u>	<u>98,059</u>
Cash flows from financing activities		
Decrease in mortgage payable	<u>(40,180)</u>	<u>(37,403)</u>
Cash flows from investing activities		
Purchase of capital assets	<u>-</u>	<u>(14,045)</u>
Increase in cash during year	38,338	46,611
Cash, beginning of year	<u>225,646</u>	<u>179,035</u>
Cash, end of year	<u>263,984</u>	<u>225,646</u>
	2012	2011
Supplementary Disclosure of Cash Flow Information		
Interest paid	19,419	24,323



MADISON COMMUNITY SERVICES

Notes to Financial Statements

March 31, 2012

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) Craighleigh Project Fund

The Craighleigh 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) Craighleigh Replacement Reserve Fund

The Replacement Reserve Fund is an externally restricted fund established to provide for major repairs on the Craighleigh 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, 2012

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:

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
Mortgage 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, 2012

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 \$	2012 Net \$	2011 Net \$
Craleigh Project Fund				
Building	1,054,275	381,191	673,084	713,264
Program Fund				
Land	170,000	-	170,000	170,000
Building	233,195	116,500	116,695	128,345
Computer equipment	14,045	5,618	8,427	11,236
	417,240	122,118	295,122	309,581

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, 2012

5. Mortgage Payable

The mortgage bears interest at 2.828%, is repayable in blended monthly payments of \$4,967 and matures September 1, 2015. The mortgage is secured by property with a book value of \$713,264.

Principal repayments are due as follows:

2013	\$ 41,324
2014	42,500
2015	43,711
2016	<u>541,336</u>
Less current portion	668,871
	<u>41,324</u>
	<u>627,547</u>

6. CAMH

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

Grant received	<u>\$ 308,000</u>
Wages and benefits	223,652
Administrative	86,041
Communications	<u>1,312</u>
	<u>311,005</u>
Excess of expenses over revenues for year	(3,005)
Funds balance March 31, 2011	<u>16,565</u>
Funds balance March 31, 2012	<u>\$ 13,560</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:

2013	\$ 78,000
2014	<u>13,000</u>
	<u>\$ 91,000</u>



MADISON COMMUNITY SERVICES

Notes to Financial Statements (continued)

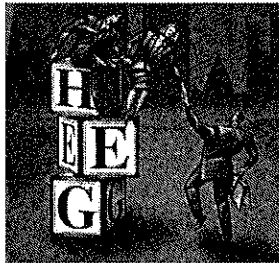
March 31, 2012

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

