

MADISON COMMUNITY SERVICES

FINANCIAL STATEMENTS

MARCH 31, 2022

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, 2022, 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, 2022, 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.

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.

Independent Auditor's Report (continued)

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

- 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 28, 2022

Chartered Professional Accountants
Licensed Public Accountants

MADISON COMMUNITY SERVICES

Statement of Financial Position

March 31	2022 \$	2021 \$
ASSETS		
Current assets		
Cash	1,641,848	1,805,530
Accounts receivable	145,768	230,409
HST recoverable	39,705	41,353
Prepaid expenses	66,673	74,049
	<u>1,893,994</u>	<u>2,151,341</u>
Capital assets (note 3)	<u>402,477</u>	<u>459,784</u>
	<u>2,296,471</u>	<u>2,611,125</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	348,315	492,478
Due to funders (note 4)	319,490	364,029
Current portion of mortgage payable (note 5)	53,141	52,017
	<u>720,946</u>	<u>908,524</u>
Mortgage payable (note 5)	<u>137,932</u>	<u>191,073</u>
	<u>858,878</u>	<u>1,099,597</u>
FUND BALANCES		
Unrestricted	664,886	728,429
Invested in capital assets	207,191	212,481
Restricted fund	565,516	570,618
	<u>1,437,593</u>	<u>1,511,528</u>
	<u>2,296,471</u>	<u>2,611,125</u>

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board of Directors:

Daniel Kligerman

Director



Stephany Mandin

Director



MADISON COMMUNITY SERVICES

Statement of Revenues and Expenses and Changes in Fund Balances

Year ended March 31

	Unrestricted 2022 \$	Unrestricted 2021 \$	Invested in Capital assets 2022 \$	Invested in Capital assets 2021 \$	Restricted 2022 \$	Restricted 2021 \$	Total 2022 \$	Total 2021 \$
					(Schedule)	(Schedule)		(note 10)
Revenues								
Toronto Central Local Health Integration Network	-	-	-	-	1,427,871	1,632,933	1,427,871	1,632,933
Ontario Ministry of Health & Long Term Care	5,000	5,000	-	-	320,864	301,664	325,864	306,664
Immigration, Refugees & Citizenship - Canada	777,624	676,101	-	-	-	-	777,624	676,101
City of Toronto SSHA	-	-	-	-	1,990,648	1,922,317	1,990,648	1,922,317
CAMH	149,791	170,371	-	-	317,027	317,027	317,027	317,027
Rent	265,698	234,267	-	-	49,016	19,788	198,807	190,159
Habitat Services	-	-	-	-	-	-	265,698	234,267
North York Community House	-	-	-	-	13,583	-	13,583	-
United Way	-	-	-	-	90,000	100,000	90,000	100,000
St. Clares Multifaith Housing society	-	-	-	-	115,279	85,780	115,279	85,780
Fundraising and other funding	161,231	357,053	-	-	-	-	161,231	357,053
	1,359,344	1,442,792	-	-	4,324,288	4,379,509	5,683,632	5,822,301
Expenses								
Salaries and benefits	792,686	778,293	-	-	2,514,886	2,501,922	3,307,572	3,280,215
Rent and building costs	217,086	242,334	-	-	674,916	551,362	892,002	793,696
Outside services	-	-	-	-	25,469	14,839	25,469	14,839
Supplies and equipment	266,308	183,149	-	-	536,648	535,605	802,956	718,754
Administrative	17,806	14,199	-	-	206,371	227,922	224,177	242,121
Specialists	-	-	-	-	102,176	146,181	102,176	146,181
Travel	9,526	9,600	-	-	37,865	50,798	47,391	60,398
Busarries	38,335	44,617	-	-	-	-	38,335	44,617
Mortgage interest	-	-	-	-	4,695	4,770	4,695	4,770
Amortization	-	-	23,357	21,274	52,017	51,432	75,374	72,706
	1,341,747	1,272,192	23,357	21,274	4,155,043	4,084,831	5,520,147	5,378,297
Excess of revenues over expenses (expenses over revenues) before undernoted	17,597	170,600	(23,357)	(21,274)	169,245	294,678	163,485	444,004
Return of funding	(34,650)	-	-	-	(202,770)	(294,557)	(237,420)	(294,557)
Excess of revenues over expenses (expenses over revenues)	(17,053)	170,600	(23,357)	(21,274)	(33,525)	121	(73,935)	149,447
Net assets, beginning of year	728,429	579,949	212,481	211,721	570,618	570,411	1,511,528	1,362,081
Transfer to/from restricted funds (note 9)	(28,423)	(86)	-	-	28,423	86	-	-
Purchase of capital assets	(18,067)	(22,034)	18,067	22,034	-	-	-	-
Net assets, end of year	664,886	728,429	207,191	212,481	565,516	570,618	1,437,593	1,511,528

The accompanying notes are an integral part of these financial statement

MADISON COMMUNITY SERVICES

Schedule of Restricted Funds

Year ended March 31, 2022

	Toronto Central LHIN	Rent supplement	Craigleigh (note 8)	CAMH	City of Toronto	North York Community House	ECHO Foundation	United Way	City of Toronto SSHA	St. Clare's Multifaith Housing	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	1,427,871	201,212	116,695	317,027	-	13,583	-	90,000	1,592,048	115,279	3,873,715
Base grants	-	-	2,957	-	-	-	-	-	-	-	2,957
Capital reserve	-	29,383	19,633	-	-	-	-	-	-	-	49,016
Rent	-	-	-	-	-	-	-	-	125,000	-	125,000
Specialists	-	-	-	-	-	-	-	-	273,600	-	273,600
Rent supplement	-	-	-	-	-	-	-	-	-	-	-
	1,427,871	230,595	139,285	317,027	-	13,583	-	90,000	1,990,648	115,279	4,324,288
Expenses	1,104,085	-	45,000	258,540	-	6,663	-	81,915	908,583	110,100	2,514,886
Salaries and benefits	85,809	225,531	28,788	-	-	-	-	4,800	329,988	-	674,916
Rent and building costs	9,289	-	-	-	-	-	-	490	14,784	-	25,469
Outside services	-	-	-	-	-	-	-	-	-	-	-
Supplies and equipment	52,082	-	-	46,842	-	-	-	1,320	435,818	586	536,648
Administrative	164,708	-	5,700	20,179	-	521	-	248	14,333	682	206,371
Specialists	-	-	-	-	-	-	-	-	102,176	-	102,176
Travel	30,020	-	-	-	-	-	-	1,840	3,000	3,005	37,865
Mortgage interest	-	-	4,695	-	-	-	-	-	-	-	4,695
Amortization	-	-	52,017	-	-	-	-	-	-	-	52,017
	1,445,993	225,531	136,200	325,561	-	7,184	-	90,613	1,808,682	115,279	4,155,043
Excess of revenues over expenses (expenses over revenues) before the undermoted	(18,122)	5,064	3,085	(8,534)	-	6,399	-	(613)	181,966	-	169,245
Amounts refundable to funder	-	-	-	-	-	-	-	-	(202,770)	-	(202,770)
Excess of revenues over expenses (expenses over revenue)	(18,122)	5,064	3,085	(8,534)	-	6,399	-	(613)	(20,804)	-	(33,525)
Transfers between funds (note 9)	18,122	-	-	-	(9,366)	-	-	-	19,667	-	28,423
Restricted net assets, beginning of year	-	95,435	205,202	148,625	9,366	-	100,000	-	11,028	962	570,618
Restricted net assets, end of year	-	100,499	208,287	140,091	-	6,399	100,000	(613)	9,891	962	565,516

The accompanying notes are an integral part of these financial statements

MADISON COMMUNITY SERVICES

Schedule of Restricted Funds

Year ended March 31, 2021

	Toronto Central LHIN	Rent supplement	Craigleigh (note 8)	CAMH	City of Toronto	North York Community House	ECHO Foundation	United Way	City of Toronto SSHA	St. Clare's Multifaith Housing	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues											(note 10)
Base grants	1,428,033	182,012	116,695	317,027	-	-	-	100,000	1,555,351	85,780	3,784,898
Capital reserve	-	-	2,957	-	-	-	-	-	-	-	2,957
Rent	-	-	19,788	-	-	-	-	-	-	-	19,788
Specialists	-	-	-	-	-	-	-	-	163,309	-	163,309
One time	204,900	-	-	-	-	-	-	-	41,257	-	246,157
Rent supplements	-	-	-	-	-	-	-	-	162,400	-	162,400
	1,632,933	182,012	139,440	317,027	-	-	-	100,000	1,922,317	85,780	4,379,509
Expenses											
Salaries and benefits	1,206,756	-	25,000	258,234	-	-	-	110,668	819,974	81,290	2,501,922
Rent and building costs	102,815	154,813	50,204	-	-	-	-	4,800	238,730	-	551,362
Outside services	1,912	-	-	-	-	-	-	2,088	10,147	692	14,839
Supplies and equipment	85,705	21,672	480	23,185	-	-	-	1,270	402,708	585	535,605
Administrative	190,771	-	5,700	14,000	-	-	-	992	16,459	-	227,922
Specialists	-	-	-	-	-	-	-	-	146,181	-	146,181
Travel	45,060	-	-	-	-	-	-	-	3,487	2,251	50,798
Mortgage interest	-	-	4,770	-	-	-	-	-	-	-	4,770
Amortization	-	-	51,432	-	-	-	-	-	-	-	51,432
	1,633,019	176,485	137,586	295,419	-	-	-	119,818	1,637,686	84,818	4,084,831
Excess of revenues over expenses (expenses over revenues) before the undernoted	(86)	5,527	1,854	21,608	-	-	-	(19,818)	284,631	962	294,678
Amounts refundable to funder	-	-	-	-	-	-	-	(20,954)	(273,603)	-	(294,557)
Excess of revenues over expenses (expenses over revenue)	(86)	5,527	1,854	21,608	-	-	-	(40,772)	11,028	962	121
Transfer between funds	86	-	-	-	-	-	-	-	-	-	86
Restricted net assets, beginning of year	-	89,908	203,348	127,017	9,366	-	100,000	40,772	-	-	570,411
Restricted net assets, end of year	-	95,435	205,202	148,625	9,366	-	100,000	-	11,028	962	570,618

The accompanying notes are an integral part of these financial statements

MADISON COMMUNITY SERVICES

Statement of Cash Flows

Year ended March 31	2022 \$	2021 \$
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenue) for year	(73,935)	149,447
Item not requiring a current cash outlay		
Amortization	75,374	72,706
	<u>1,439</u>	<u>222,153</u>
Changes in non-working capital		
(Increase) decrease in accounts receivable	84,641	(61,030)
(Increase) decrease in HST recoverable	1,648	(300)
(Increase) decrease in prepaid expenses	7,376	(20,448)
(Decrease) increase in accounts payable and accrued liabilities	(144,163)	194,560
Decrease in accounts payable to funders	(44,539)	(455,770)
	<u>(93,598)</u>	<u>(120,835)</u>
Cash flows from investing activities		
Purchase of capital assets	(18,067)	(22,034)
Sale of short-term investments	-	1,707,312
	<u>(18,067)</u>	<u>1,685,278</u>
Cash flows from financing activities		
Repayments of mortgage payable	(52,017)	(51,431)
Change in cash	(163,682)	1,513,012
Cash - beginning of year	1,805,530	292,518
Cash - end of year	<u>1,641,848</u>	<u>1,805,530</u>

The accompanying notes are an integral part of these financial statements

MADISON COMMUNITY SERVICES

Notes to Financial Statements

March 31, 2022

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. Unspent contributions that are refundable at the grant expiry are recorded as due to funder.

i) Unrestricted Program Fund

The Unrestricted Program Fund is a fund where donation and other program revenue is managed by the Organization, including programs operated on a fee for service and cost recovery basis.

ii) Invested in Capital Asset Fund

The Invested in Capital Asset Fund records capital assets used by the Organization for the Program Fund

iii) Restricted Fund

The Restricted Fund is for all externally restricted funds received and accounts for all contributions and expenses toward individual funding grants. The program objectives of the individual funds are as follows:

Toronto Central LHIN Fund and Rent Supplement Program Fund are for supportive housing. All unexpended funds are repayable to the Ministry of Health and Long-Term Care.

MADISON COMMUNITY SERVICES

Notes to Financial Statements

March 31, 2022

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

a) **Fund accounting (continued)**

iii) **Restricted Fund (continued)**

The Craigeigh Project Fund, funded by Ministry of Health and Long-Term Care, is for the operation of an 11 unit non-profit housing complex. Included in the fund is a replacement reserve 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.

The CAMH Fund is used to provide high support services to individuals in the CAMH program.

The City of Toronto Fund provided for one time upgrades to buildings being used by the organization for supportive housing.

The North York Community House Fund is provided for a vaccine ambassador program.

The ECHO Foundation Fund is used to provide additional funds in support of the Recovery during Immigration (RISE) program.

The United Way Fund is used to provide funds for the RISE program.

The City of Toronto Shelter, Support & Housing Administration Fund (SSHA) is to support the Pathways to Home program, which is designed to address the critical lack of 24/7 on-site, high support for long term users of the shelter system who require intensive support to maintain stable housing. This funding is provided by the City of Toronto through provincial and federal funding programs.

The St. Clare's Multifaith Housing Society Fund funding is to provide low and high level support to individuals in St. Clare's housing program.

b) **Government assistance**

In addition to its regular program funding the Organization may also receive non-program specific government assistance. Government assistance is recognized as revenue when the related expenses are incurred or when there is reasonable assurance that the Organization has complied with or will comply with all conditions of the assistance, and collection is reasonably assured. In 2021, the Organization received \$25,000 under the Temporary Wage Subsidy Program as a result of the Covid-19 pandemic and this amount is recorded under Fundraising and other revenue in the unrestricted fund. The amount is not subject to any specific future terms or conditions. However, the Canada Revenue Agency may require additional reporting in a future period to verify the Organization's eligibility and compliance with the terms and conditions of the subsidy.

MADISON COMMUNITY SERVICES

Notes to Financial Statements

March 31, 2022

1. Significant accounting policies (continued)

c) 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 receivable.

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.

MADISON COMMUNITY SERVICES

Notes to Financial Statements

March 31, 2022

1. Significant accounting policies (continued)

c) Financial instruments (continued)

ii) Impairment (continued)

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.

d) 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 Craighleigh 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.

e) 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

March 31, 2022

2. 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.

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 are as follows:

	2022	2021
	\$	\$
Cash	1,641,848	1,805,530
Accounts receivable	145,768	230,409
	<u>1,787,616</u>	<u>2,035,939</u>

Cash and short-term investments: 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, due to funders and mortgage payable to a maximum of \$858,878 (2021 - \$1,099,597).

MADISON COMMUNITY SERVICES

Notes to Financial Statements

March 31, 2022

2. Financial instrument risk management (continued)

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.

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 significant changes in the Organization's risk exposures from the prior year.

MADISON COMMUNITY SERVICES

Notes to Financial Statements

March 31, 2022

3. Capital assets

	Cost \$	Accumulated Amortization \$	2022 Net \$
Craleigh			
Building	1,054,275	858,988	195,287
Epworth			
Land	170,195	-	170,195
Building	233,000	233,000	-
Furniture and equipment	68,450	52,459	15,991
Computer equipment	61,245	40,241	21,004
	<u>532,890</u>	<u>325,700</u>	<u>207,190</u>
	<u>1,587,165</u>	<u>1,184,688</u>	<u>402,477</u>

	Cost \$	Accumulated Amortization \$	2021 Net \$
Craleigh			
Building	1,054,275	806,972	247,303
Epworth			
Land	170,195	-	170,195
Building	233,000	221,350	11,650
Furniture and equipment	56,112	49,991	6,121
Computer equipment	55,516	31,001	24,515
	<u>514,823</u>	<u>302,342</u>	<u>212,481</u>
	<u>1,569,098</u>	<u>1,109,314</u>	<u>459,784</u>

4. Accounts payable to funders

	2022 \$	2021 \$
Ministry of Health	69,985	51,357
United Way	20,954	20,954
Pathways to Home	228,551	291,718
	<u>319,490</u>	<u>364,029</u>

MADISON COMMUNITY SERVICES

Notes to Financial Statements

March 31, 2022

5. Mortgage payable

The mortgage bears interest at 2.150%, is repayable in blended monthly payments of \$4,726 and matures September 1, 2025. The mortgage is secured by property with a net book value of \$247,304.

Principal payments are due as follows:

	\$
2023	53,141
2024	54,290
2025	55,463
2026	28,179
	<u>191,073</u>
Less current portion	<u>53,141</u>
	<u>137,932</u>

6. Commitments

The Organization is committed to various premises leases expiring between June 30, 2025 and March 31, 2029. Minimum lease payments including estimated operating costs and property taxes are as follows:

	\$
2023	259,821
2024	204,715
2025	189,065
2026	177,987
2027 and thereafter	<u>229,078</u>
	<u>1,060,666</u>

7. Impact of COVID-19

The global pandemic of the virus known as COVID-19 led the Canadian Federal government, as well as provincial and local governments, to impose measures, such as restricting foreign travel, mandating self-isolations and physical distancing and closing non essential businesses. These measures have temporarily modified certain operations of the Organization. The Organization was required to change operating protocols during the year and received additional funding from various sources for additional labour costs, purchase of protective equipment, computers and food supplies for clients. Because of the high level of uncertainty related to the outcome of this pandemic, it is difficult to estimate the financial effect on Madison Community Services. No adjustments have been made in the financial statements as a result of these events.

MADISON COMMUNITY SERVICES

Notes to Financial Statements

March 31, 2022

8. **Craighleigh capital reserve fund**

The Craighleigh restricted fund balance consists of the following:

	2022 \$	2021 \$
Operating fund	113,545	113,417
Capital reserve fund	94,742	91,785
	208,287	205,202

9. **Transfers between funds**

The unrestricted fund transferred funds to the Toronto Central LHIN fund to cover its funding shortfall. The unrestricted fund transferred funds to the City of Toronto SSHA fund to cover certain expenses not covered by the funder. The project related to the funding received from the City of Toronto was completed, and the board approved the transfer of the remaining surplus to the unrestricted fund.

10. **Comparative figures**

Certain of the comparative figures have been reclassified to confirm to the current year presentation. There is no change in prior year excess of revenues over expenses.

HILBORN

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