

MADISON COMMUNITY SERVICES

FINANCIAL STATEMENTS

MARCH 31, 2023

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, 2023, 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, 2023, 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 (financial reporting framework).

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 and other funders. 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 the financial reporting framework, 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 29, 2023

Chartered Professional Accountants
Licensed Public Accountants



MADISON COMMUNITY SERVICES

Statement of Financial Position

March 31	2023 \$	2022 \$
ASSETS		
Current assets		
Cash and cash equivalents (note 3)	1,728,281	1,641,848
Accounts receivable	310,731	145,768
HST recoverable	71,132	39,705
Prepaid expenses	137,975	66,673
	<u>2,248,119</u>	<u>1,893,994</u>
Capital assets (note 4)	<u>331,738</u>	<u>402,477</u>
	<u>2,579,857</u>	<u>2,296,471</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	527,844	348,315
Due to funders (note 5)	400,464	319,490
Current portion of mortgage payable (note 6)	58,504	53,141
	<u>986,812</u>	<u>720,946</u>
Mortgage payable (note 6)	<u>83,642</u>	<u>137,932</u>
	<u>1,070,454</u>	<u>858,878</u>
FUND BALANCES		
Unrestricted	755,256	664,886
Invested in capital assets	189,593	207,191
Restricted fund	564,554	565,516
	<u>1,509,403</u>	<u>1,437,593</u>
	<u>2,579,857</u>	<u>2,296,471</u>

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board of Directors:

Director  Stephany Mandin, Board Chair
Director  Tony Do, Board Treasurer

MADISON COMMUNITY SERVICES

Statement of Revenues and Expenses and Changes in Fund Balances

Year ended March 31

	Unrestricted 2023 \$	Unrestricted 2022 \$	Invested in Capital assets 2023 \$	Invested in Capital assets 2022 \$	Restricted 2023 \$	Restricted 2022 \$	Total 2023 \$	Total 2022 \$
					(Schedule)	(Schedule)		
Revenues								
Ontario Health	-	-	-	-	1,445,540	1,427,871	1,445,540	1,427,871
Ontario Ministry of Health & Long Term Care	5,000	5,000	-	-	320,864	320,864	325,864	325,864
Immigration, Refugees & Citizenship - Canada	918,697	777,624	-	-	-	-	918,697	777,624
City of Toronto SSHA	-	-	-	-	2,028,705	1,990,648	2,028,705	1,990,648
CAMH	-	-	-	-	317,027	317,027	317,027	317,027
Rent	185,292	149,791	-	-	64,945	49,016	250,237	198,807
Habitat Services	244,002	265,698	-	-	-	-	244,002	265,698
North York Community House	-	-	-	-	44,967	13,583	44,967	13,583
United Way	-	-	-	-	115,000	90,000	115,000	90,000
St. Clares Multifaith Housing society	-	-	-	-	118,825	115,279	118,825	115,279
Fundraising and other funding	99,654	161,231	-	-	-	-	99,654	161,231
	1,452,645	1,359,344	-	-	4,455,873	4,324,288	5,908,518	5,683,632
Expenses								
Salaries and benefits	821,964	792,686	-	-	2,475,197	2,514,886	3,297,161	3,307,572
Rent and building costs	232,685	217,086	-	-	760,879	674,916	993,564	892,002
Outside services	-	-	-	-	22,906	25,469	22,906	25,469
Supplies and equipment	163,194	266,308	-	-	542,596	536,648	705,790	802,956
Administrative	87,214	17,806	-	-	244,424	206,371	331,638	224,177
Specialists	-	-	-	-	43,084	102,176	43,084	102,176
Travel	13,992	9,526	-	-	25,194	37,865	39,186	47,391
One time expense	-	-	-	-	25,973	-	25,973	-
Busaries	43,226	38,335	-	-	-	-	43,226	38,335
Mortgage interest	-	-	-	-	3,570	4,695	3,570	4,695
Amortization	-	-	17,598	23,357	53,141	52,017	70,739	75,374
	1,362,275	1,341,747	17,598	23,357	4,196,964	4,155,043	5,576,837	5,520,147
Excess of revenues over expenses (expenses over revenues) before undernoted	90,370	17,597	(17,598)	(23,357)	258,909	169,245	331,681	163,485
Return of funding	-	(34,650)	-	-	(259,871)	(202,770)	(259,871)	(237,420)
Excess of revenues over expenses (expenses over revenues)	90,370	(17,053)	(17,598)	(23,357)	(962)	(33,525)	71,810	(73,935)
Net assets, beginning of year	664,886	728,429	207,191	212,481	565,516	570,618	1,437,593	1,511,528
Transfer to/from restricted funds (note 9)	-	(28,423)	-	-	-	28,423	-	-
Purchase of capital assets	-	(18,067)	-	18,067	-	-	-	-
Net assets, end of year	755,256	664,886	189,593	207,191	564,554	565,516	1,509,403	1,437,593

The accompanying notes are an integral part of these financial statement

MADISON COMMUNITY SERVICES

Schedule of Restricted Funds

Year ended March 31, 2023

	Ontario Heath \$	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											
Base grants	1,445,540	201,212	116,695	317,027	-	44,967	-	115,000	1,639,809	118,825	3,999,075
Capital reserve	-	-	2,957	-	-	-	-	-	-	-	2,957
Rent	-	44,567	20,378	-	-	-	-	-	-	-	64,945
Specialists	-	-	-	-	-	-	-	-	62,496	-	62,496
Rent supplement	-	-	-	-	-	-	-	-	326,400	-	326,400
	<u>1,445,540</u>	<u>245,779</u>	<u>140,030</u>	<u>317,027</u>	<u>-</u>	<u>44,967</u>	<u>-</u>	<u>115,000</u>	<u>2,028,705</u>	<u>118,825</u>	<u>4,455,873</u>
Expenses											
Salaries and benefits	1,081,870	-	45,000	264,739	-	39,381	-	82,007	840,336	121,864	2,475,197
Rent and building costs	85,160	230,559	35,955	-	-	-	-	4,000	405,205	-	760,879
Outside services	14,929	-	-	-	-	-	-	-	7,071	906	22,906
Supplies and equipment	30,971	-	-	42,591	-	-	-	720	468,314	-	542,596
Administrative	195,871	-	5,727	14,828	-	5,586	-	800	21,030	582	244,424
Specialists	-	-	-	-	-	-	-	-	43,084	-	43,084
Travel	18,621	-	-	-	-	-	-	1,500	1,912	3,161	25,194
One time expense	-	-	-	-	-	-	-	25,973	-	-	25,973
Mortgage interest	-	-	3,570	-	-	-	-	-	-	-	3,570
Amortization	-	-	53,141	-	-	-	-	-	-	-	53,141
	<u>1,427,422</u>	<u>230,559</u>	<u>143,393</u>	<u>322,158</u>	<u>-</u>	<u>44,967</u>	<u>-</u>	<u>115,000</u>	<u>1,786,952</u>	<u>126,513</u>	<u>4,196,964</u>
Excess of revenues over expenses (expenses over revenues) before the undemoted	18,118	15,220	(3,363)	(5,131)	-	-	-	-	241,753	(7,688)	258,909
Amounts refundable to funder	(18,118)	-	-	-	-	-	-	-	(241,753)	-	(259,871)
Excess of revenues over expenses (expenses over revenue)	-	15,220	(3,363)	(5,131)	-	-	-	-	-	(7,688)	(962)
Restricted net assets, beginning of year	-	100,499	208,287	140,091	-	6,399	100,000	(613)	9,891	962	565,516
Restricted net assets, end of year	-	115,719	204,924	134,960	-	6,399	100,000	(613)	9,891	(6,726)	564,554

The accompanying notes are an integral part of these financial statements

MADISON COMMUNITY SERVICES

Schedule of Restricted Funds

Year ended March 31, 2022

	Ontario Health \$	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											
Base grants	1,427,871	201,212	116,695	317,027	-	13,583	-	90,000	1,592,048	115,279	3,873,715
Capital reserve	-	-	2,957	-	-	-	-	-	-	-	2,957
Rent	-	29,383	19,633	-	-	-	-	-	-	-	49,016
Specialists	-	-	-	-	-	-	-	-	125,000	-	125,000
Rent supplements	-	-	-	-	-	-	-	-	273,600	-	273,600
	<u>1,427,871</u>	<u>230,595</u>	<u>139,285</u>	<u>317,027</u>	<u>-</u>	<u>13,583</u>	<u>-</u>	<u>90,000</u>	<u>1,990,648</u>	<u>115,279</u>	<u>4,324,288</u>
Expenses											
Salaries and benefits	1,104,085	-	45,000	258,540	-	6,663	-	81,915	908,583	110,100	2,514,886
Rent and building costs	85,809	225,531	28,788	-	-	-	-	4,800	329,988	-	674,916
Outside services	9,289	-	-	-	-	-	-	490	14,784	906	25,469
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
	<u>1,445,993</u>	<u>225,531</u>	<u>136,200</u>	<u>325,561</u>	<u>-</u>	<u>7,184</u>	<u>-</u>	<u>90,613</u>	<u>1,808,682</u>	<u>115,279</u>	<u>4,155,043</u>
Excess of revenues over expenses (expenses over revenues) before the undernoted	(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)
Transfer between funds	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

Statement of Cash Flows

Year ended March 31	2023 \$	2022 \$
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenue) for year	71,810	(73,935)
Item not requiring a current cash outlay		
Amortization	70,739	75,374
	142,549	1,439
Changes in non-working capital		
(Increase) decrease in accounts receivable	(164,963)	84,641
(Increase) decrease in HST recoverable	(31,427)	1,648
(Increase) decrease in prepaid expenses	(71,302)	7,376
Increase (Decrease) in accounts payable and accrued liabilities	179,533	(144,163)
Increase (Decrease) in accounts payable to funders	80,970	(44,539)
	135,360	(93,598)
Cash flows from investing activities		
Purchase of capital assets	-	(18,067)
Cash flows from financing activities		
Repayments of mortgage payable	(48,927)	(52,017)
Change in cash	86,433	(163,682)
Cash - beginning of year	1,641,848	1,805,530
Cash - end of year	1,728,281	1,641,848
Cash and cash equivalents are comprised of:		
Cash	728,281	1,641,848
Cash equivalents	1,000,000	-
	1,728,281	1,641,848

The accompanying notes are an integral part of these financial statements

MADISON COMMUNITY SERVICES

Notes to Financial Statements

March 31, 2023

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:

Ontario Health 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, 2023

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

a) **Fund accounting (continued)**

iii) **Restricted Fund (continued)**

The Craileigh 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 Craileigh 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 is 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) **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 cash equivalents and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, due to funders and mortgage payable.

MADISON COMMUNITY SERVICES

Notes to Financial Statements

March 31, 2023

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

b) **Financial instruments (continued)**

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.

c) **Cash equivalents**

Investments that are readily convertible to cash or investments with a maturity date within three months from the date of subscription are recognized as cash equivalents.

MADISON COMMUNITY SERVICES

Notes to Financial Statements

March 31, 2023

1. Significant accounting policies (continued)

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.

f) Contributed goods and services

The Volunteers contribute significant amounts of time to assist the Organization carrying out its service delivery activities. The Organization also, from time to time, receives donations of goods. Because of the difficulty in determining their fair value, contributed goods and services are not recognized in the financial statements.

MADISON COMMUNITY SERVICES

Notes to Financial Statements

March 31, 2023

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:

	2023	2022
	\$	\$
Cash and cash equivalents	1,728,281	1,641,848
Accounts receivable	310,731	145,768
	<u>2,039,012</u>	<u>1,787,616</u>

Cash and cash equivalents: 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 \$1,070,454 (2022 - \$858,878).

MADISON COMMUNITY SERVICES

Notes to Financial Statements

March 31, 2023

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.

3. Cash equivalents

Cash equivalents consist of \$1,000,000 (\$Nil - 2022) One Year Cashable GIC, bearing interest at 1.90% and maturing on July 14, 2023.

MADISON COMMUNITY SERVICES

Notes to Financial Statements

March 31, 2023

4. Capital assets

	Cost \$	Accumulated Amortization \$	2023 Net \$
Craigleigh			
Building	1,054,275	912,129	142,146
Epworth			
Land	170,195	-	170,195
Building	233,000	233,000	-
Furniture and equipment	68,450	61,047	7,403
Computer equipment	61,244	49,250	11,994
	<u>532,889</u>	<u>343,297</u>	<u>189,592</u>
	<u>1,587,164</u>	<u>1,255,426</u>	<u>331,738</u>

	Cost \$	Accumulated Amortization \$	2022 Net \$
Craigleigh			
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	61,244	40,240	21,004
	<u>532,889</u>	<u>325,699</u>	<u>207,190</u>
	<u>1,587,164</u>	<u>1,184,687</u>	<u>402,477</u>

5. Accounts payable to funders

	2023 \$	2022 \$
Ministry of Health	88,102	69,985
United Way	20,954	20,954
Pathways to Home	291,408	228,551
	<u>400,464</u>	<u>319,490</u>

MADISON COMMUNITY SERVICES

Notes to Financial Statements

March 31, 2023

6. 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 \$142,146. During the year, the Organization made principal payment of \$53,141 (\$52,017 - 2022) and interest payment of \$3,570 (\$4,695 - 2022).

Principal payments are due as follows:

	\$
2024	58,504
2025	55,463
2026	28,179
	<u>142,146</u>
Less current portion	<u>58,504</u>
	<u>83,642</u>

7. 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 are as follows:

	\$
2024	204,715
2025	189,065
2026	177,987
2027	107,196
2028 and thereafter	121,883
	<u>800,846</u>

8. Craighleigh capital reserve fund

The Craighleigh restricted fund balance consists of the following:

	2023	2022
	\$	\$
Operating fund	107,225	113,545
Capital reserve fund	97,699	94,742
	<u>204,924</u>	<u>208,287</u>

9. Transfers between funds

From time to time, the Organization transfers funds from the unrestricted fund to certain programs under the restricted funds to cover their funding shortfall. In the prior year, \$18,122 was transferred to the Ontario Health fund to cover its funding shortfall and \$19,667 was transferred to the City of Toronto SSHA fund to cover certain expenses not covered by the funder. In addition, 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. There were no such transfers during 2023.

HILBORN

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