

Services and Housing In the Province
Financial Statements
For the year ended March 31, 2019

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Financial Statements
For the year ended March 31, 2019

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Independent Auditor's Report

To the Board of Directors of Services and Housing In the Province

Opinion

We have audited the financial statements of Services and Housing In the Province (the "organization"), which comprise the statement of financial position as at March 31, 2019 and the statements of operations, changes in net assets and cash flows for the year then ended, 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, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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.

Other Matters

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules on pages 22 to 24 of the organization's financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 organization's ability 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 organization's financial reporting process.

Auditor's Responsibility 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 these 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.
- 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 organization's internal control.
- 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 organization's ability 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Orangeville, Ontario
June 26, 2019

**Services and Housing In the Province
Statement of Financial Position**

March 31 2019 2018

Assets

Current

Cash (Note 2)	\$ 5,050,467	\$ 3,733,562
Accounts receivable (Note 3)	1,369,249	6,785,928
Prepaid expenses	659,352	604,723
	7,079,068	11,124,213

Capital assets (Note 4)

65,189,081 64,671,488

\$72,268,149 \$ 75,795,701

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities (Note 5)	\$ 1,965,624	\$ 8,081,651
Current portion of long-term debt (Note 6)	340,806	331,617
Program funding payable (Note 7)	1,495,722	720,006
Deferred contributions (Note 8)	1,080,733	1,044,197
	4,882,885	10,177,471

Long-term debt (Note 6)

19,952,690 20,288,282

Deferred capital contributions relating to capital assets (Note 9)

39,920,496 38,758,076

64,756,071 69,223,829

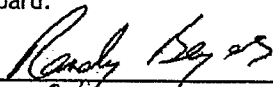
Investment in Net Assets (Page 5)

Unrestricted	32,834	32,834
Internally restricted	7,479,244	6,539,038

7,512,078 6,571,872

\$72,268,149 \$ 75,795,701

On behalf of the Board:


_____, Director


_____, Director

The accompanying notes are an integral part of these financial statements.

**Services and Housing In the Province
Statement of Changes in Net Assets**

For the year ended March 31

	Unrestricted		Internally Restricted		2018 Total
	Operating	Investment in Capital Assets	Capital Reserve	Total	
Net assets, beginning of year	\$ 32,834	\$ 5,294,788	\$ 1,244,250	\$ 6,539,038	\$ 6,571,872
Excess (deficiency) of revenues over expenses (Page 6)	299,205	(550,994)	1,191,995	641,001	940,206
Invested in capital assets	-	284,876	(284,876)	-	-
Interfund transfers (Note 10)	(299,205)	-	299,205	299,205	-
Net assets, end of year	\$ 32,834	\$ 5,028,670	\$ 2,450,574	\$ 7,479,244	\$ 7,512,078
					\$ 6,571,872

The accompanying notes are an integral part of these financial statements.

Services and Housing In the Province Statement of Operations

For the year ended March 31	2019	2018
Revenues		
Central West Local Health Integration Network (CMH&A)	\$ 14,762,121	\$ 13,877,988
Central West Local Health Integration Network (CSS)	502,179	490,817
Central West Local Health Integration Network (One-Time Funding)	123,500	31,936
Ministry of Health and Long-Term Care (MOHLTC)	4,488,338	4,444,035
Region of Peel (ROP)	5,692,574	4,516,342
Rental income	5,973,092	5,962,932
Canadian Mental Health Association (CMHA) - Peel branch	2,136,811	2,097,595
Deferred capital contributions recognized (Note 9)	1,436,881	1,252,664
Other income (Note 11)	1,537,962	1,089,326
Investment income	22	10,551
Income on amalgamation	-	83,923
	<u>36,653,480</u>	<u>33,858,109</u>
Expenses		
Amortization of capital assets	1,987,890	1,792,776
Buildings and grounds	1,928,316	1,715,571
Employee benefits	3,049,550	2,733,961
Employee salaries	15,542,940	14,030,535
Interest on long-term debt	586,191	674,865
Office, general and administrative	1,896,095	1,625,802
Paymaster	3,049,081	2,993,391
Program costs	329,247	441,611
Rent and associated costs	7,232,500	7,310,448
Sessional fees	111,464	10,460
	<u>35,713,274</u>	<u>33,329,420</u>
Excess of revenues over expenses	\$ 940,206	\$ 528,689

The accompanying notes are an integral part of these financial statements.

Services and Housing In the Province Statement of Cash Flows

For the year ended March 31	2019	2018
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses	\$ 940,206	\$ 528,689
Items not involving cash		
Amortization of capital assets	1,987,890	1,792,776
Deferred capital contributions recognized	(1,436,881)	(1,252,664)
Income on amalgamation	-	(83,923)
	<u>1,491,215</u>	<u>984,878</u>
Changes in non-cash working capital balances		
Accounts receivable	5,416,679	(6,205,798)
Prepaid expenses	(54,629)	(14,955)
Accounts payable and accrued liabilities	(6,116,027)	6,981,710
Program funding payable	775,716	84,227
Deferred contributions	36,536	(350,444)
	<u>1,549,490</u>	<u>1,479,618</u>
Investing activities		
Proceeds from short-term investments	-	771,600
Purchase of capital assets	(2,505,483)	(6,418,710)
	<u>(2,505,483)</u>	<u>(5,647,110)</u>
Financing activities		
Deferred capital contributions relating to capital assets	2,599,301	5,772,516
Repayment of long-term debt	(326,403)	(294,717)
	<u>2,272,898</u>	<u>5,477,799</u>
Increase in cash during the year	1,316,905	1,310,307
Cash, beginning of year	3,733,562	1,940,590
Cash from amalgamation	-	482,665
Cash, end of year	\$ 5,050,467	\$ 3,733,562

The accompanying notes are an integral part of these financial statements.

Services and Housing In the Province Notes to Financial Statements

March 31, 2019

1. Summary of Significant Accounting Policies

**Nature and Purpose
of Organization**

Services and Housing in the Province is a non-profit organization incorporated without share capital under the laws of Ontario. The organization provides safe, affordable housing for specialized populations, enabling them to live in the community in an atmosphere of support, cooperation, understanding and affordability. The organization also provides counselling, employment and life skills training, health care and social support services to the populations served. It is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

Basis of Accounting

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Financial Instruments

Financial instruments are recorded at fair value at initial recognition.

In subsequent periods, all bonds and guaranteed investment certificates have been designated to be in the fair value category, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Services and Housing In the Province Notes to Financial Statements

March 31, 2019

1. Summary of Significant Accounting Policies (continued)

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Asset repairs and maintenance costs are charged to expense. Betterments which extend the useful life of an asset are capitalized. When a capital asset no longer contributes to the organization's ability to provide services, its carrying value is written down to its residual value.

Amortization is provided on a straight-line basis over the assets' estimated useful lives:

Buildings	20-40 years
Computer equipment	3 years
Furniture, equipment and vehicles	5-10 years
Land improvements	15 years
Leasehold improvements	7 years

Deferred Capital Contributions Relating to Capital Assets

Restricted donations and grants relating to the acquisition of capital assets are deferred and amortized over the life of the related assets. Amortization is reported as revenue in the internally restricted fund. Restricted donations and grants relating to assets which are not amortized are reported directly as increases to the internally restricted fund.

Revenue Recognition

Services and Housing in the Province follows the deferral method of accounting for contributions, which include donations and grants. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are recognized.

Services and Housing In the Province Notes to Financial Statements

March 31, 2019

1. Summary of Significant Accounting Policies (continued)

Contributed Services	Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.
Pension Plan	The organization maintains a defined contribution pension plan for permanent employees. The expenses for these plans is equal to the organization's required contributions for the year.

2. Cash

Included in cash is a Bank of Nova Scotia cashable guaranteed interest certificate, with an effective yield of 1%, maturing April 16, 2019 totaling \$784,169.

Included in cash in the prior year is a Bank of Nova Scotia tiered corporate investment savings account totaling \$784,169.

3. Accounts Receivable

	2019	2018
Trade receivables	\$ 393,244	\$ 194,698
Funding receivable	607,282	5,419,987
HST rebate	334,547	1,158,000
Other receivables	34,176	13,243
	\$ 1,369,249	\$ 6,785,928

Included in funding receivable is \$233,328 (2018 - \$5,390,159) related to the Hansen Road building construction project.

Services and Housing In the Province Notes to Financial Statements

March 31, 2019

4. Capital Assets

	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book Value
Land	\$ 5,137,303	\$ -	\$ 5,137,303	\$ 5,137,303
Land Improvements	14,489	2,449	12,040	13,264
Buildings	68,935,491	9,073,480	59,862,011	52,952,586
Leasehold improvements	599,301	504,417	94,884	168,609
Furniture, equipment and vehicles	296,883	225,844	71,039	120,590
Computer equipment	197,073	185,269	11,804	26,266
Construction-in-progress	-	-	-	6,252,870
	\$ 75,180,540	\$ 9,991,459	\$ 65,189,081	\$ 64,671,488

As at March 31, 2019, all prior year construction-in-progress costs for the second floor of the Hansen Road building construction project have been included as buildings, as the construction is now completed.

5. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is \$195,394 (2018 - \$184,972) in government remittances payable.

Services and Housing In the Province Notes to Financial Statements

March 31, 2019

6. Long-term Debt

	2019	2018
Mortgage payable, interest at 2.9% per annum calculated semi-annually, repayable in monthly payments of \$72,140, due June 2027.	\$ 19,999,431	\$ 20,284,143
Mortgage payable, interest at 1.85% per annum calculated semi-annually, repayable in monthly payments of \$4,464, due October 2020.	335,785	382,691
	20,335,216	20,666,834
Current portion	(340,806)	(331,617)
Loan financing fees	(41,720)	(46,935)
Long-term portion of debt	\$ 19,952,690	\$ 20,288,282

The mortgage of \$19,999,431 with Peoples Trust is secured by:

- i) First mortgage charge against the lands and improvements;
- ii) General assignment of rents and/or leases;
- iii) General assignment of all insurance proceeds;
- iv) General security agreement charging all personal property attached to or relating to the project to be constructed on the lands; and
- v) Environmental indemnity granted by the borrower and each covenantor.

The mortgage of \$335,785 with Peoples Trust is secured by:

- i) First mortgage charge against the lands and improvements; and
- ii) General assignment of rents and/or leases.

Services and Housing In the Province Notes to Financial Statements

March 31, 2019

6. Long-term Debt (continued)

Principal repayments for the next five years and thereafter are as follows:

2020	\$	340,806
2021		589,594
2022		310,397
2023		319,464
2024		338,399
Thereafter		<u>18,436,556</u>
		<u>\$ 20,335,216</u>

7. Program Funding Payable

	2019	2018
Balance, beginning of year	\$ 720,006	\$ 635,779
Add: surplus funding for the year	775,716	238,228
Less: repayment of prior surplus	-	(168,933)
Add: surplus transferred on amalgamation	-	14,932
	<u>\$ 1,495,722</u>	<u>\$ 720,006</u>
Balance, end of year		

Services and Housing In the Province Notes to Financial Statements

March 31, 2019

8. Deferred Contributions

Deferred contributions represent resources received during the year for which expenses have not yet been incurred. Changes in the deferred contribution balance reported are as follows:

	2019	2018
Balance, beginning of year	\$ 1,044,197	\$ 1,006,982
Add: amounts received during the year	1,382,587	1,129,546
Add: amounts transferred on amalgamation	-	387,659
Less: amounts recognized as revenue during the year	(1,346,051)	(1,479,990)
Balance, end of year	\$ 1,080,733	\$ 1,044,197

9. Deferred Capital Contributions Relating to Capital Assets

Deferred capital contributions relating to capital assets include unamortized portions of contributed capital assets and restricted contributions with which the organization's capital assets were originally purchased.

The changes for the year in the deferred capital contributions balance reported are as follows:

	2019	2018
Balance, beginning of year	\$ 38,758,076	\$ 34,048,434
Add: contributions received during the year	2,599,301	5,772,516
Add: amounts transferred on amalgamation	-	189,790
Less: amounts amortized	(1,436,881)	(1,252,664)
Balance, end of year	\$ 39,920,496	\$ 38,758,076

10. Interfund Transfers

During the year, the organization transferred the excess of revenues over expenses from capital buildings in the amount of \$299,205 (2018 - \$240,610) from the operating fund to the capital reserve fund for the purpose of establishing a reserve for future capital costs on buildings owned by the organization.

Services and Housing In the Province Notes to Financial Statements

March 31, 2019

11. Other Income

Other income consists of:

	2019	2018
Assisted Living Services	\$ 282,492	\$ 270,287
Outreach	160,225	147,056
Ontario Trillium	167,203	123,264
Kerry's Place Autism Services	84,000	115,627
Peace Ranch	87,050	98,466
Dufferin Housing First	76,607	76,330
Peel Youth Village	330,987	-
Other	349,398	258,296
	<u>\$ 1,537,962</u>	<u>\$ 1,089,326</u>

Services and Housing In the Province Notes to Financial Statements

March 31, 2019

12. Pension Plan

All permanent employees, with greater than four months of service, are eligible to participate in the organization's defined contribution pension plan. For the year ended March 31, 2019 the organization contributed \$627,254 (2018 - \$566,689).

13. Economic Dependence

The organization is economically dependent on the funding it receives from the government.

14. Commitment and Contingency

i) Commitment

The minimum annual lease payments for the organization's buildings and vehicles for the next five years are as follows:

2020	471,035
2021	456,414
2022	457,731
2023	119,542
2024	67,193

Services and Housing In the Province Notes to Financial Statements

March 31, 2019

14. Commitment and Contingency (continued)

ii) Contingency - Forgivable Loans

Henderson Avenue Building

During fiscal 2010 and 2011, Services and Housing in the Province received a grant by way of two forgivable loans from the Region of Peel for the purchase of land and construction of a building which will create supportive housing, containing twenty-six residential units for people who suffer from mental illness.

- a) The first grant is in the form of an interest-free loan to be forgiven by the Region of Peel over twenty years in accordance with certain terms. Services and Housing in the Province may earn forgiveness of the loan at a rate of 5% per year for twenty years, at the Region's discretion, provided the project remains in compliance with the terms and conditions of the agreement. The total amount available under the agreement is \$2,200,000, all of which has been advanced. If the project ceases to be an affordable housing project under reasonable circumstances, as determined by the Region, in its sole opinion, and best efforts have been made by Services and Housing in the Province to repay the loan paid to it during the period of the project's non-compliance, the Region shall forgive the repayment of all or a portion of the loan paid to Services and Housing in the Province pursuant to the agreement. The day after the 20 year anniversary of the agreement of September 28, 2009, if all terms of the agreement have been fulfilled, the loan will be fully forgiven.
- b) The second grant is in the form of an interest-bearing loan to be forgiven by the Region of Peel over twenty years in accordance with certain terms. However, if Services and Housing in the Province is in compliance with the terms of their agreement the interest shall be automatically forgiven each year. The total amount available under the agreement is \$3,900,000, all of which has been advanced. The forgivable loan is to be fully funded from the Canada-Ontario Affordable Housing Program provided by the governments of Canada and Ontario for this program. If the terms of the agreement are broken, 100% of the amount advanced will have to be repaid, this amount diminishing by 5% per year. The last day of the month at the end of the term, which is the twentieth anniversary of the interest adjustment date, if all terms of the agreement have been fulfilled, the loan will be fully forgiven. The forgivable loan is secured by a first charge on the land and building with a net book value of \$4,091,550.

The organization believes that it is more likely than not that they will continue to be in compliance with these conditions. As a result, these grants has been recognized as a deferred capital contribution.

Services and Housing In the Province Notes to Financial Statements

March 31, 2019

14. Commitment and Contingency (continued)

Hansen Road Building Construction

During fiscal 2014, Services and Housing in the Province received grants by way of forgivable loans from the Region of Peel for the purchase of land and construction of a building which will create supportive housing, containing 205 residential units.

- a) The first grant is in the form of an interest-bearing loan to be forgiven by the Region of Peel over twenty years in accordance with certain terms. Interest accrues on the loan at a rate of 8% per year, calculated semi-annually up to the interest adjustment date. However, if Services and Housing in the Province is in compliance with the terms of the agreement the interest shall be automatically forgiven each year. Services and Housing in the Province may earn forgiveness of the loan at a rate of 5% per year for twenty years, at the Region's discretion, provided the project remains in compliance with the terms and conditions of the agreement. The total amount available under the agreement is \$1,537,500, all of which has been advanced. If the project ceases to be an affordable housing project, as determined by the Region, in its sole opinion, all of the funding plus interest will have to be repaid. The day after the twentieth anniversary of the interest adjustment date, if all terms of the agreement have been fulfilled, the loan will be fully forgiven. The forgivable loan is secured by a second mortgage on the land and building with a net book value of \$57,584,231.
- b) The second grant is in the form of an interest free loan to be forgiven by the Region of Peel in accordance with certain terms. The total amount available under the agreement is \$30,750,000, all of which has been advanced. The forgivable loan is to be fully funded from the Investment in Affordable Housing for Ontario Program. Services and Housing in the Province is required to enter into a 20 year rent supplement agreement to receive funding from the Region of Peel's Housing Investment Plan to provide 82 units in the building to be used to house clients from the Region of Peel's centralized waiting list. The rent supplement agreement will be reviewed every two years. If the terms of the agreement are met, the loan will be forgiven the day after the 20 year anniversary of the agreement. Otherwise, the loan will have to be repaid. The forgivable loan is secured by a collateral mortgage on the land and building with a net book value of \$57,584,231, a general assignment of rents, a general security agreement and an assignment of project documents.

The organization believes that it is more likely than not that they will continue to be in compliance with these conditions. As a result, these grants has been recognized as a deferred capital contribution.

Services and Housing In the Province Notes to Financial Statements

March 31, 2019

14. Commitment and Contingency (continued)

Hansen Road Building Construction Phase 2

During fiscal 2018, Services and Housing In the Province received grants by way of forgivable loans from the Region of Peel for the purchase of the second floor of Hansen Road's building. Phase 2 is to convert the space to 27 affordable housing units.

- a) The first grant is in the form of an interest-bearing loan to be forgiven by the Region of Peel over twenty years in accordance with certain terms. Interest accrues on the loan at a rate of 8% per year, calculated semi-annually up to the interest adjustment date. However, if Services and Housing in the Province is in compliance with the terms of the agreement the interest shall be automatically forgiven each year. Services and Housing In the Province may earn forgiveness of the loan at a rate of 5% per year for twenty years, at the Region's discretion, provided the project remains in compliance with the terms and conditions of the agreement. The total amount available under the agreement is \$4,143,475, of which \$233,328 is receivable from the Region of Peel. If the project ceases to be an affordable housing project, as determined by the Region, in its sole opinion, all of the funding plus interest will have to be repaid. The day after the twentieth anniversary of the interest adjustment date, if all terms of the agreement have been fulfilled, the loan will be fully forgiven. The forgivable loan is secured by an assignment of rents and a third charge against the Hansen Road building in the amount of \$4,143,475, which is the value of the loan.
- b) The second grant is in the form of an interest free loan to be forgiven by the Region of Peel as per the terms and conditions of the Ministry of Housing Contribution Agreement. Interest accrues on the loan at a rate of 5% per year, calculated semi-annually up to the interest adjustment date. However, if Services and Housing in the Province is in compliance with the terms of the agreement the interest shall be automatically forgiven each year. Services and Housing in the Province may earn forgiveness of the loan at a rate of 5% per year for twenty years, at the Region's discretion, provided the project remains in compliance with the terms and conditions of the agreement. The total amount available under the agreement is \$3,956,525, all of which has been advanced. The forgivable loan is to be fully funded from the Investment in Affordable Housing for Ontario Program. If the project ceases to be an affordable housing project, as determined by the Region, in its sole opinion, all of the funding plus interest will have to be repaid. The day after the twentieth anniversary of the interest adjustment date, if all terms of the agreement have been fulfilled, the loan will be fully forgiven. The forgivable loan is secured by a third charge against the Hansen Road building in the amount of \$3,956,525, which is the value of the loan, a general assignment of rents, a general security agreement and an assignment of project documents.

The organization believes that it is more likely than not that they will continue to be in compliance with these conditions. As a result, these grants has been recognized as a deferred capital contribution.

Services and Housing In the Province Notes to Financial Statements

March 31, 2019

15. Financial Instrument Risk

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The organization is exposed to interest rate risk on its fixed rate financial instruments. Fixed-interest instruments subject the organization to a fair value risk.

The organization is exposed to changes in interest rates related to its long-term debt. The organization's primary objective is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving a satisfactory return.

The organization holds fixed rate long-term debt which subjects the organization to an interest rate risk on refinancing.

There have not been any changes in the risk from the prior year.

Services and Housing In the Province Notes to Financial Statements

March 31, 2019

15. Financial Instrument Risk (continued)

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk resulting from the possibility that a counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The organization's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable. The organization provides credit to its clients in the normal course of operations.

The organization mitigates credit risk on its receivables through diversification of its client base and limiting its exposure to any one client.

There have not been any changes in the risk from the prior year.

Liquidity Risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, program funding payable, long-term debt and commitments.

The organization's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The organization maintains a portion of its invested assets in liquid securities.

There have not been any changes in the risk from the prior year.

Services and Housing In the Province
Schedule of Revenues and Expenses
(Unaudited)

For the year ended March 31	2019	2018
Revenues		
Central West Local Health Integration Network (CMH&A)	\$ 14,842,416	\$ 13,998,511
Central West Local Health Integration Network (CSS)	502,179	490,817
Central West Local Health Integration Network (One-Time Funding)	123,500	79,476
Ministry of Health and Long-Term Care (MOHLTC)	5,120,583	4,568,281
Region of Peel (ROP)	5,692,574	4,516,342
Rental income	6,544,379	6,390,245
Canadian Mental Health Association (CMHA) - Peel branch	2,136,811	2,097,595
Deferred capital contributions recognized	1,987,875	1,792,776
Other income	1,537,962	1,089,326
Investment income	22	-
Gross revenue	38,488,301	35,023,369
Less: Paymaster	(3,049,081)	(2,831,598)
Less: Deferred LHIN funding used to purchase capital items	-	(47,181)
Net revenue	35,439,220	32,144,590
Expenses		
Amortization of capital assets	1,987,890	1,792,776
Buildings and grounds	3,419,515	2,690,258
Employee benefits	3,049,550	2,733,961
Employee salaries	15,542,941	14,030,536
Interest on long-term debt	586,191	674,865
Office, general and administrative	1,896,095	1,625,802
Paymaster	-	161,793
Program costs	329,247	441,611
Rent and associated costs	7,803,787	7,744,300
Sessional fees	111,464	10,460
	34,726,680	31,906,362
Excess of revenues over expenses before undernoted	712,540	238,228
Recoveries and transfers	(712,540)	(238,228)
Changes in net assets		
Investment in capital assets	(266,118)	438,742
Capital reserve	1,206,324	67,979
Unrestricted	-	21,968
Excess of revenues over expenses for the year	\$ 940,206	\$ 528,689

**Services and Housing In the Province
Schedule of Operations - Core
(Unaudited)**

For the year ended March 31	2019	2018
Revenues		
Central West Local Health Integration Network (CMH&A)	\$ 14,762,121	\$ 13,877,988
Central West Local Health Integration Network (CSS)	502,179	490,817
Central West Local Health Integration Network (One-Time Funding)	123,500	31,936
Ministry of Health and Long-Term Care (MOHLTC)	4,488,338	4,444,035
Region of Peel (ROP)	4,785,764	3,663,868
Rental income	3,596,922	3,657,029
Canadian Mental Health Association (CMHA) - Peel branch	2,136,811	2,097,595
Deferred capital contributions recognized	167,123	356,668
Other income	1,507,817	1,035,647
Investment income	22	10,551
Income on amalgamation	-	83,923
	<u>32,070,597</u>	<u>29,750,057</u>
Expenses		
Amortization of capital assets	362,283	378,714
Buildings and grounds	621,444	604,263
Employee benefits	3,007,525	2,695,611
Employee salaries	15,322,680	13,839,888
Office, general and administrative	1,700,303	1,241,147
Paymaster	3,049,081	2,993,391
Program costs	329,247	441,611
Rent and associated costs	7,232,500	7,310,448
Sessional fees	111,464	10,460
	<u>31,736,527</u>	<u>29,515,533</u>
Excess of revenues over expenses	\$ 334,070	\$ 234,524

**Services and Housing In the Province
Schedule of Operations - Capital Buildings
(Unaudited)**

For the year ended March 31	2019	2018
Revenues		
Region of Peel (ROP)	\$ 906,810	\$ 852,474
Rental income	2,376,170	2,305,903
Deferred capital contributions recognized	1,269,758	895,996
Other income	30,145	53,679
	<u>4,582,883</u>	<u>4,108,052</u>
Expenses		
Amortization of capital assets	1,625,607	1,414,062
Buildings and grounds	1,306,872	1,111,308
Employee benefits	42,025	38,350
Employee salaries	220,260	190,647
Interest on long-term debt	586,191	674,865
Office, general and administrative	195,792	384,655
	<u>3,976,747</u>	<u>3,813,887</u>
Excess of revenues over expenses	\$ 606,136	\$ 294,165