

Financial statements

Services and Housing in the Province

March 31, 2025

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Independent auditor's report

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To the Members of
Services and Housing in the Province

Opinion

We have audited the financial statements of Services and Housing In the Province ("SHIP"), which comprise the statement of financial position as at March 31, 2025, 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 SHIP as at March 31, 2025, and its results of 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 SHIP 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 matter

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The supplementary information included in the schedule on page 17 is presented for purposes of additional information and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of the financial statements taken as a whole.

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 SHIP's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate SHIP or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing SHIP's financial reporting process.

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 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 SHIP'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 SHIP'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 SHIP 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.

Doane Grant Thornton LLP

Mississauga, Canada
June 17, 2025

Chartered Professional Accountants
Licensed Public Accountants

Services and Housing in the Province **Statement of financial position**

March 31

2025

2024

Assets

Current

Cash and cash equivalents	\$ 9,831,979	\$ 6,549,706
Accounts receivable (Note 3)	6,115,009	2,064,707
Prepaid expenses	1,747,988	930,926
	<u>17,694,976</u>	<u>9,545,339</u>

Investments (Note 4) 4,676,942 3,141,897

Capital assets (Note 5) 73,493,285 74,707,772

\$ 95,865,203 **\$ 87,395,008**

Liabilities

Current

Accounts payable and accrued liabilities (Note 6)	\$ 4,050,640	\$ 2,271,259
Current portion of long-term debt (Note 7)	398,686	390,993
Program funding payable (Note 8)	7,130,046	7,193,897
Deferred contributions (Note 9)	2,067,570	2,703,396
	<u>13,646,942</u>	<u>12,559,545</u>

Long-term debt (Note 7) 21,505,550 18,127,816

Deferred capital contributions (Note 10) 38,789,455 38,877,627

73,941,947 **69,564,988**

Net assets

Unrestricted - (408,441)

Internally restricted

- Investment in capital assets	12,799,594	17,310,980
- Capital reserve	5,910,200	-
- Operating reserve	2,107,605	-
- Special projects reserve	150,341	100,358
- Replacement reserve	955,516	827,123
	<u>21,923,256</u>	<u>17,830,020</u>

\$ 95,865,203 **\$ 87,395,008**

Commitments and contingency (Note 13)

On behalf of the Board:



Director



Director

See accompanying notes to the financial statements.

Services and Housing in the Province

Statement of changes in net assets

For the year ended March 31

	<u>Unrestricted</u>		<u>Internally restricted</u>					
	<u>Operating</u>	<u>Investment in capital assets</u>	<u>Capital Reserve</u>	<u>Operating Reserve</u>	<u>Special Projects Reserve</u>	<u>Replacement Reserve</u>	<u>2025 Total</u>	<u>2024 Total</u>
Balance, beginning of year	\$ (408,441)	\$ 17,310,980	\$ -	\$ -	\$ 100,358	\$ 827,123	\$ 17,830,020	\$ 16,200,681
Excess (deficiency) of revenue over expenses	4,869,019	(775,783)	-	-	-	-	4,093,236	1,629,339
Invested in capital assets	-	687,342	(687,342)	-	-	-	-	-
Interfund transfers	<u>(4,460,578)</u>	<u>(4,422,945)</u>	<u>6,597,542</u>	<u>2,107,605</u>	<u>49,983</u>	<u>128,393</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 12,799,594</u>	<u>\$ 5,910,200</u>	<u>\$ 2,107,605</u>	<u>\$ 150,341</u>	<u>\$ 955,516</u>	<u>\$ 21,923,256</u>	<u>\$ 17,830,020</u>

See accompanying notes to the financial statements.

Services and Housing in the Province

Statement of operations

Year ended March 31

2025

2024

Revenue

Ontario Health Central		
- Community Mental Health & Addictions (CMH&A)	\$ 18,953,446	\$ 18,565,991
- Community Support Services (CSS)	597,730	514,211
- One-time funding	39,871	30,541
Region of Peel (ROP)	13,879,128	10,653,079
Ministry of Health (MOH)	8,708,147	8,569,533
Rental income	7,022,465	6,962,231
Region of Waterloo (ROW)	5,470,637	1,466,895
Other income (Note 11)	3,352,758	1,002,104
Canadian Mental Health Association (CMHA) – Peel branch	2,265,235	2,265,235
Deferred capital contributions recognized (Note 10)	1,702,395	1,824,311
Investment income	467,694	595,051
	<u>62,459,506</u>	<u>52,449,182</u>

Expenses

Employee salaries	25,144,596	21,864,055
Rent and associated costs	10,768,955	10,595,759
Program costs	6,348,200	3,293,941
Employee benefits	4,587,314	4,059,659
Paymaster	3,124,359	3,124,359
Buildings and grounds	3,048,369	2,906,516
Amortization of capital assets	2,478,178	2,419,617
Office, general and administrative	2,149,597	1,870,819
Interest on long-term debt	533,497	548,659
Sessional fees	133,205	136,459
Loss on disposal of capital assets	50,000	-
	<u>58,366,270</u>	<u>50,819,843</u>

Excess of revenue over expenses	<u>\$ 4,093,236</u>	<u>\$ 1,629,339</u>
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See accompanying notes to the financial statements.

Services and Housing in the Province **Statement of cash flows**

Year ended March 31

2025

2024

Changes in cash and cash equivalents

Operating activities

Excess of revenue over expenses	\$ 4,093,236	\$ 1,629,339
Items not involving cash		
Amortization of capital assets	2,478,178	2,419,617
Unrealized gain on investments	(129,023)	(67,559)
Loss on disposal of capital assets	50,000	-
Deferred contributions recognized	(12,389,031)	(9,915,112)
Deferred capital contributions recognized	(1,702,395)	(1,824,311)
	(7,599,035)	(7,758,026)

Changes in non-cash working capital balances

Accounts receivable	(4,050,302)	(32,486)
Prepaid expenses	(817,062)	689,209
Accounts payable and accrued liabilities	1,779,381	482,886
Program funding payable	(63,851)	(469,399)
Deferred contributions received	11,753,205	11,094,147
	1,002,336	4,006,331

Investing activities

Purchase of investments	(2,308,773)	(907,413)
Proceeds from sale of investments	902,751	599,252
Purchase of capital assets	(1,313,691)	(6,614,620)
	(2,719,713)	(6,922,781)

Financing activities

Deferred capital contributions received	1,614,223	520,673
Net proceeds from (repayment of) long-term debt	3,385,427	(375,061)
	4,999,650	145,612

Increase (decrease) in cash and cash equivalents **3,282,273** (2,770,838)

Cash and cash equivalents, beginning of year **6,549,706** 9,320,544

Cash and cash equivalents, end of year **\$ 9,831,979** \$ 6,549,706

Cash

Cash and cash equivalents	\$ 8,876,463	\$ 5,722,583
Restricted cash	955,516	827,123
	\$ 9,831,979	\$ 6,549,706

See accompanying notes to the financial statements.

Services and Housing in the Province

Notes to the financial statements

March 31, 2025

1. Nature of operations

Services and Housing in the Province ("SHIP") is a not-for-profit organization incorporated without share capital under the laws of Ontario. SHIP provides safe, affordable housing for specialized populations, enabling them to live in the community in an atmosphere of support, cooperation, understanding and affordability. SHIP 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.

2. Summary of significant accounting policies

Basis of accounting

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). ASNPO requires entities to select policies appropriate for their circumstances from policies provided in these standards. The significant accounting policies selected by SHIP and applied in these financial statements are as follows:

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's knowledge of current events and actions that SHIP may undertake in the future.

Significant estimates include allowance for uncollectible receivables, useful lives of capital assets and certain accruals. Actual results could differ from these estimates, the impact of which would be recorded in future affected periods.

Net assets

SHIP maintains net asset categories as follows:

The unrestricted operating fund accounts for the general operating activities of SHIP.

Investment in capital assets reflects the movement in the capital assets of SHIP.

The internally restricted capital reserve was established for the purpose of providing a reserve for future capital costs, special projects reserve to fund any specific programs, projects or capital purchases that will help to meet the strategic goals of SHIP and operating reserve to provide an internal source of funds for sudden increases in expenses, one time unbudgeted expenses, unanticipated loss in funding or uninsured losses.

Services and Housing in the Province

Notes to the financial statements

March 31, 2025

2. Summary of significant accounting policies (continued)

Net assets (continued)

The internally restricted replacement reserve was established for the special conditions forming part of the Certificate of Insurance with Canadian Mortgage Housing Corporation (CMHC) on the Hansen building which require SHIP to remit to Peoples Trust an amount that Peoples Trust is to maintain as a capital replacement reserve. The money held in reserve is to be used for major capital repairs and is subject to written consent of CMHC before the funds can be used. Peoples Trust may at its own discretion allow SHIP to draw on the funds for a major repair. The replacement reserve also includes funds put aside under the terms of the loan agreement with CMHC for the 236 First Street building, whereby 4% of effective gross income of the property is set aside in the reserve. Restricted cash represents the same balance.

Revenue recognition

SHIP follows the deferral method of accounting for contributions, which include donations and grants. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenues in the year in which related expenses are incurred. 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.

Rental revenue is recognized in accordance with the terms of the lease agreements and collection is reasonably assured.

Interest and other income is recognized as revenue when earned.

Contributed services

Many volunteers contribute a significant amount of time each year. Due to the difficulty of determining their fair value, contributed services are not recognized or disclosed in the financial statements.

Financial assets and liabilities

Initial measurement

Upon initial measurement, SHIP's financial assets and liabilities are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs. Transaction costs relating to financial assets and liabilities that will be measured subsequently at fair value are recognized in operations in the year they are incurred.

Subsequent measurement

At each reporting date, SHIP measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets), except for investments which are measured at fair value.

Services and Housing in the Province

Notes to the financial statements

March 31, 2025

2. Summary of significant accounting policies (continued)

Financial assets and liabilities (continued)

Subsequent measurement (continued)

With respect to financial assets measured at amortized cost, SHIP assesses whether there are any indications of impairment. When there is an indication of impairment, and if SHIP determines that during the year there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in operations in the year the reversal occurs.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash balances within investments accounts, and term deposits having maturity of three months or less or redeemable at any time without penalty.

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 SHIP'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	10-75 years
Computer equipment	3 years
Furniture, equipment and vehicles	5-10 years
Land improvements	15 years
Leasehold improvements	over the lease term

Buildings include components such as general building, electrical, plumbing, heating and ventilation. These components are amortized over their respective estimated useful lives.

Capital assets are tested for impairment when events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing the net carrying value to its fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of revenue and expenses. Any impairment recognized is not reversed.

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 capital 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.

Services and Housing in the Province

Notes to the financial statements

March 31, 2025

3. Accounts receivable

	<u>2025</u>	<u>2024</u>
General receivables	\$ 4,614,882	\$ 876,334
Funding receivable	1,129,594	881,595
HST rebate	<u>370,533</u>	<u>306,778</u>
	<u>\$ 6,115,009</u>	<u>\$ 2,064,707</u>

4. Investments

	<u>2025</u>	<u>2024</u>
Mutual funds:		
Bonds	\$ 2,444,622	\$ 1,580,574
Equities	1,103,701	569,255
Fixed income	<u>1,128,619</u>	<u>992,068</u>
	<u>\$ 4,676,942</u>	<u>\$ 3,141,897</u>

5. Capital assets

			<u>2025</u>	<u>2024</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 10,354,506	\$ -	\$ 10,354,506	\$ 10,354,506
Land improvements	14,489	9,795	4,694	5,918
Buildings	83,690,441	20,972,436	62,718,005	63,724,429
Leasehold improvements	1,288,984	985,546	303,438	431,001
Furniture, equipment and vehicles	537,253	427,478	109,775	172,260
Computer equipment	<u>128,559</u>	<u>125,692</u>	<u>2,867</u>	<u>19,658</u>
	<u>\$ 96,014,232</u>	<u>\$ 22,520,947</u>	<u>\$ 73,493,285</u>	<u>\$ 74,707,772</u>

6. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities is \$22,426 (2024 - \$26,529) in government remittances payable.

Services and Housing in the Province

Notes to the financial statements

March 31, 2025

7. Long-term debt

	<u>2025</u>	<u>2024</u>
Mortgage payable, interest at 2.9% per annum calculated semi-annually, repayable in monthly payments of \$72,140, due June 2027.	\$ 18,107,761	\$ 18,446,161
Loan payable, interest at 3.35% per annum calculated semi-annually, repayable in monthly payments of \$12,906, due November 1, 2034	3,771,206	-
Mortgage payable, interest at 2.15% per annum calculated semi-annually, repayable in monthly payments of \$4,497, due October 2025.	35,699	88,293
Loan financing fees	<u>(10,430)</u>	<u>(15,645)</u>
	21,904,236	18,518,809
Current portion	<u>(398,686)</u>	<u>(390,993)</u>
	<u>\$ 21,505,550</u>	<u>\$ 18,127,816</u>

The mortgage of \$18,107,761 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 \$35,699 with Peoples Trust is secured by

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

The loan of \$3,771,206 with Canadian Mortgage and Housing Corporation is secured by

- i) First mortgage charge against the lands and improvements equal to 120% of the loan;
- ii) General assignment of rents and/or leases;
- iii) General assignment of all insurance proceeds;
- iv) General assignment of contracts; and
- vi) General security agreement charging all personal property attached to or relating to the project to be constructed on the lands.

Principal repayments for the next five years are as follows:

2026	\$ 388,246
2027	388,611
2028	17,432,210
2029	32,241
2030	33,337
Thereafter	<u>3,629,591</u>
	<u>\$ 21,904,236</u>

Services and Housing in the Province

Notes to the financial statements

March 31, 2025

8. Program funding payable

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 7,193,897	\$ 7,663,296
Add: surplus funding for the year	806,691	763,268
Less: repayment of prior surplus	<u>(870,542)</u>	<u>(1,232,667)</u>
Balance, end of year	<u>\$ 7,130,046</u>	<u>\$ 7,193,897</u>

9. Deferred contributions

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

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 2,703,396	\$ 1,524,361
Add: amounts received during the year	11,753,205	11,094,147
Less: amounts recognized as revenue during the year	<u>(12,389,031)</u>	<u>(9,915,112)</u>
Balance, end of year	<u>\$ 2,067,570</u>	<u>\$ 2,703,396</u>

10. Deferred capital contributions

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

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

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 38,877,627	\$ 40,181,265
Add: contributions received during the year	1,614,223	520,673
Less: amounts amortized	<u>(1,702,395)</u>	<u>(1,824,311)</u>
Balance, end of year	<u>\$ 38,789,455</u>	<u>\$ 38,877,627</u>

Services and Housing in the Province

Notes to the financial statements

March 31, 2025

11. Other income

Other income consists of contributions received from:

	<u>2025</u>	<u>2024</u>
Property tax refund	\$ 1,866,673	\$ -
Outreach	241,015	256,103
Hansen	177,853	188,027
Donation	137,982	-
County of Dufferin	107,453	-
Ontario Trillium Foundation	101,062	-
Peace Ranch	86,373	101,231
Reserve	133,426	98,083
Kerry's Place Autism Services	84,000	84,029
Other	<u>416,921</u>	<u>274,631</u>
	<u>\$ 3,352,758</u>	<u>\$ 1,002,104</u>

12. Economic dependence

Operations of SHIP depend to a large extent upon the funding that it receives from the Provincial and Municipal Governments. Any significant reduction in this source would significantly curtail SHIP's ability to offer a complete range of programs.

13. Commitments and contingency

i) Commitments

SHIP is committed under building leases until September 2028. The minimal annual lease payments for SHIP's buildings for the next four years are as follows:

2026	\$ 250,887
2027	253,164
2028	253,619
2029	141,608

ii) Contingency – Forgivable loans

SHIP over the years has received different grants by way of forgivable loans from the Region of Peel (ROP) and Canada Mortgage and Housing Corporation (CMHC) for the purchase of land and construction of buildings which will create affordable and supportive housing for the people who suffer from mental illness and other eligible people.

Services and Housing in the Province

Notes to the financial statements

March 31, 2025

13. Commitments and contingency (continued)

ii) Contingency – Forgivable loans (continued)

The grants have been given in the form of interest-free loan as well as interest-bearing loans. SHIP may earn forgiveness of the loans at a rate of 5% per year for twenty years, at the lenders' discretion, provided the related project remains in compliance with the terms and conditions of the respective agreement. The interest on the interest-bearing loans accrues at the rate annually given in the respective agreement. However, if SHIP is in compliance of the agreement, the interest is automatically forgiven each year. The day after the 20-year anniversary of the respective agreement, if all terms of the agreement have been fulfilled, the loan will be fully forgiven. The summary of the grants is as follows:

Henderson Avenue Building

During 2010 and 2011, SHIP received grants of \$2,200,000 and \$3,900,000. The forgivable loans are secured by a first charge on the land and building with a net book value of \$3,285,728 (2024 – \$3,407,505).

Hansen Road Building Construction

During fiscal 2014, SHIP received grants of \$1,537,500 and \$30,750,000. The forgivable loans are secured by collateral mortgage on the land and building with a net book value of \$49,056,071 (2024 - \$50,348,843).

Hansen Road Building Construction Phase 2

During fiscal 2018, SHIP received grants of \$4,143,475 and \$3,956,525. The forgivable loans are secured by assignment of rents and third charge against the Hansen Road building equal to the value of the loan.

236 First Street Building

During 2025, SHIP received a forgivable loan \$646,881. The loan is secured by a first charge on the land and building with net book value of \$10,716,173 in an amount equal to 120% of the total repayable and forgivable loans.

SHIP believes that it is more likely than not that they will continue to be in compliance with conditions in the respective agreements. As a result, these grants have been recognized as a deferred capital contribution.

14. 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 the changes in the market interest rates. SHIP is exposed to interest rate risk on its fixed rate financial instruments as their value will change with market fluctuations.

Services and Housing in the Province

Notes to the financial statements

March 31, 2025

14. Financial instrument risk (continued)

Interest rate risk (continued)

SHIP is exposed to changes in interest rates related to its long-term debt. SHIP'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.

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

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

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. SHIP is exposed to credit risk resulting from the possibility that a counterparty to a financial instrument default on their financial obligations; if there is a concentration of the 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. SHIP's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable. SHIP provides credit to its clients in the normal course of operations.

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

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

Liquidity risk

Liquidity risk is the risk that SHIP will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, SHIP 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. SHIP is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, program funding payable, long-term debt and commitments.

SHIP'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. SHIP maintains a portion of its invested assets in liquid securities.

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

15. Comparative figures

Comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year.

Services and Housing in the Province

Schedule of revenues and expenses

Year ended March 31

2025

2024

Revenues

Ontario Health Central		
- Community Mental Health & Addictions (CMH&A)	\$ 19,075,922	\$ 18,800,969
- Community Support Services (CSS)	613,147	576,247
- One-time funding	39,871	30,601
Region of Peel (ROP)	13,879,128	10,653,079
Ministry of Health (MOH)	10,296,880	9,542,598
Rental income	9,062,992	8,448,066
Canadian Mental Health Association (CMHA) – Peel branch	2,265,235	2,265,235
Other income	3,731,439	1,558,131
Deferred capital contributions recognized	1,702,395	1,824,311
Region of Waterloo (ROW)	5,470,637	1,466,895
Investment income	<u>467,694</u>	<u>595,051</u>
Gross revenues	66,605,340	55,761,183
Less: Paymaster	(3,124,359)	(3,124,359)
Less: Deferred MOH funding used to purchase capital items	<u>(967,343)</u>	<u>(520,673)</u>
Net revenues	<u>62,513,638</u>	<u>52,116,151</u>

Expenses

Employee salaries	25,144,596	22,407,168
Rent and associated costs	12,809,482	10,517,210
Program costs	6,348,200	4,791,294
Employee benefits	4,587,314	3,551,377
Office, general and administrative	2,528,278	2,435,224
Buildings and grounds	3,048,369	2,916,537
Amortization of capital assets	2,478,178	2,419,617
Interest on long-term debt	533,497	548,659
Sessional fees	133,205	136,459
Loss on disposal of capital assets	<u>50,000</u>	<u>-</u>
	<u>57,661,119</u>	<u>49,723,545</u>

Excess of revenues over expenses before undernoted	4,852,519	2,392,606
Recoveries and transfers	<u>(759,283)</u>	<u>(763,267)</u>
Excess of revenues over expenses for the year	<u>\$ 4,093,236</u>	<u>\$ 1,629,339</u>