Grant Thornton

Financial statements

LOFT Community Services

March 31, 2022

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Grant Thornton

Independent auditor's report

Grant Thornton LLP
11th Floor
200 King Street West, Box 11
Toronto, ON
M5H 3T4

T +1 416 366 0100
F +1 416 360 4949

To the Members of
LOFT Community Services

Qualified Opinion

We have audited the financial statements of LOFT Community Services (the "Organization"), which comprise the statement of financial position as at March 31, 2022, the statements of operations, fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2022, 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 Qualified Opinion

Note 2 and 3 to the financial statements describes the policies followed by the Organization in amortizing some capital assets in an amount equal to the principal portion of debt obligation repaid during the year, and expensing capital expenditures purchased from the capital reserve fund. These policies are not in accordance with Canadian accounting standards for not-for-profit organizations which require all capital assets to be amortized over their useful lives. The impact of this departure on these financial statements have not been determined and therefore we were not able to determine the adjustments necessary to expenses, excess (deficiency) of revenues over expenses and cash flows from operations for the years ended March 31, 2022 and 2021, long-term assets at March 31,2022 and 2021 and net assets as at April 1, 2021 and 2020 and March 31, 2022 and 2021. Our audit opinion on the financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this departure.

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 qualified opinion.

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 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 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.

Grant Thornton LLP

Toronto, Canada
June 22, 2022

Chartered Professional Accountants
Licensed Public Accountants

LOFT Community Services
Statement of financial position
March 31

	General Funds		Restricted Funds			
Assets	Operating Fund	Designated Funds	Capital Asset Fund	Capital Reserve Fund	**2022 Total**	2021 Total
Current						
Cash and cash equivalents (Note 4)	$ 6,766,628	$ 440,593	$ -	$ 558,450	**$ 7,765,671**	$ 4,604,182
Receivables (Note 5)	5,374,913	-	-	-	**5,374,913**	2,322,363
Interfund receivables (payables)	3,347,484	(2,550,332)	94,314	(891,466)	**-**	-
Investments (Note 6)	-	29,450,952	-	1,074,099	**30,525,051**	29,138,075
Prepaids	888,631	-	-	-	**888,631**	698,366
	16,377,656	27,341,213	94,315	741,083	**44,554,266**	36,762,986
Capital assets (Note 7)	-	-	35,264,669	-	**35,264,669**	25,390,697
	$ 16,377,656	$ 27,341,213	$ 35,358,983	$ 741,083	**$ 79,818,935**	$ 62,153,683
Liabilities						
Current						
Payables and accruals (Note 8)	$ 15,135,530	$ 54,309	$ 98,627	$ 2,575	**$ 15,291,041**	$ 7,549,003
Deferred operating revenue (Note 9)	1,242,126	-	-	-	**1,242,126**	1,044,676
Current portion of mortgages payable (Note 10)	-	-	1,690,598	-	**1,690,598**	1,784,027
Current portion of forgivable grant (Note 11)	-	-	28,349	-	**28,349**	21,148
	16,377,656	54,309	1,817,574	2,575	**18,252,114**	10,398,854
Mortgages payable (Note 10)	-	-	5,594,630	-	**5,594,630**	6,437,446
Forgivable grant (Note 11)	-	-	572,089	-	**572,089**	280,593
	16,377,656	54,309	7,984,293	-	**24,418,833**	17,116,893
Fund balances (Note 12)						
Externally restricted	-	-	-	738,508	**738,508**	1,101,641
Internally restricted	-	27,286,904	-	-	**27,286,904**	27,072,013
Unrestricted	-	-	27,374,690	-	**27,374,690**	16,863,136
	-	27,286,904	27,374,690	738,508	**55,400,102**	45,036,790
	$ 16,377,656	$ 27,341,213	$ 35,358,983	$ 741,083	**$ 79,818,935**	$ 62,153,683

Commitments and contingency (Note 19)
Subsequent event (Note 21)

Approved by the Board

Mary Jo Smith ____________________ Chair   Richard S Foley ____________________ Director

See accompanying notes to the financial statements.

LOFT Community Services
Statements of operations and changes in fund balances
Year ended March 31

	General Funds				Restricted Funds				Total Funds	
	Operating Fund	Designated Funds	**2022 Total**	2021 Total	Capital Asset Fund	Capital Reserve Fund	**2022 Total**	2021 Total	**2022 Total**	2021 Total
Revenue										
Grant funding (Note 15)	$ 55,154,540	$ -	**$ 55,154,540**	$ 46,670,043	$ 6,015,703	$ 133,078	**$ 6,148,781**	$ 3,450,442	**$ 61,303,321**	$ 50,120,485
Residents' contributions	5,762,263	-	**5,762,263**	5,801,746	-	-	**-**	-	**5,762,263**	5,801,746
Investment income	12,696	1,237,074	**1,249,770**	861,330	-	27,789	**27,789**	17,986	**1,277,559**	879,316
Gain (loss) on disposal- of investments	-	1,084,449	**1,084,449**	490,333	-	17,423	**17,423**	1,215	**1,101,872**	491,548
Unrealized gain (loss) on investments	-	(310,856)	**(310,856)**	4,417,041	-	(80,789)	**(80,789)**	(10,008)	**(391,645)**	4,407,033
Donations	1,777,078	-	**1,777,078**	1,539,926	2,842,417	-	**2,842,417**	50,720	**4,619,495**	1,590,646
Other (Note 16)	1,170,621	-	**1,170,621**	577,250	4,095,677	-	**4,095,677**	-	**5,266,298**	577,250
	63,877,198	2,010,667	**65,887,865**	60,357,669	12,953,797	97,501	**13,051,298**	3,510,355	**78,939,163**	63,868,024
Expenses (Note 17)										
Salaries and benefits	47,274,290	-	**47,274,290**	40,766,264	-	-	**-**	-	**47,274,290**	40,766,264
Operating costs	11,758,442	-	**11,758,442**	9,652,557	-	453,670	**453,670**	546,513	**12,212,112**	10,199,070
Interest on long term debt	-	-	**-**	-	202,778	-	**202,778**	221,952	**202,778**	221,952
Other residents' services	2,323,804	-	**2,323,804**	2,575,438	-	-	**-**	-	**2,323,804**	2,575,438
Amortization	-	-	**-**	-	3,103,010	-	**3,103,010**	2,623,261	**3,103,010**	2,623,261
Administration	3,302,297	150,596	**3,452,893**	2,448,350	-	6,964	**6,964**	23,249	**3,459,857**	2,471,599
	64,658,833	150,596	**64,809,429**	55,442,609	3,305,788	460,634	**3,766,422**	3,414,975	**68,575,851**	58,857,584
Excess (deficiency) of revenue over expenses	$ (781,635)	$ 1,860,071	**$ 1,078,436**	$ 4,915,060	$ 9,648,009	$ (363,133)	**$ 9,284,876**	$ 95,380	**$ 10,363,312**	$ 5,010,440
Fund balances, beginning of year	$ -	$ 27,072,013	**$ 27,072,013**	$ 22,638,674	$ 16,863,136	$ 1,101,641	**$ 17,964,777**	$ 17,387,676	**$ 45,036,790**	$ 40,026,350
Excess (deficiency) of revenue over expenses	(781,635)	1,860,071	**1,078,436**	4,915,060	9,648,009	(363,133)	**9,284,876**	95,380	**10,363,312**	5,010,440
Interfund transfers (Note 18)	781,635	(1,645,180)	**(863,545)**	(481,721)	863,545	-	**863,545**	481,721	**-**	-
Fund balances, end of year	$ -	$ 27,286,904	**$ 27,286,904**	$ 27,072,013	$ 27,374,690	$ 738,508	**$ 28,113,198**	$ 17,964,777	**$ 55,400,102**	$ 45,036,790

See accompanying notes to the financial statements.

LOFT Community Services
Statement of cash flows
Year ended March 31

	General Funds		Restricted Funds			
	Operating Fund	Designated Funds	Capital Asset Fund	Capital Reserve Fund	**2022 Total**	2021 Total
Increase (decrease) in cash and cash equivalents						
Operating						
Excess (deficiency) of revenue over expenses	$ (781,635)	$ 1,860,071	$ 9,648,009	$ (363,133)	**$ 10,363,312**	$ 5,010,440
Amortization	-	-	3,103,010	-	**3,103,010**	2,623,261
Gain on disposal of investments	-	(1,084,449)	-	(17,423)	**(1,101,872)**	(491,548)
Unrealized loss (gain) on investments	-	310,856	-	80,789	**391,645**	(4,407,033)
Contributed capital assets	-	-	(4,095,677)	-	**(4,095,677)**	-
Loan forgiveness	-	-	(28,349)	-	**(28,349)**	86,857
	(781,635)	1,086,478	8,626,993	(299,767)	**8,632,069**	2,821,977
Changes in non-cash working capital (see below)	2,670,308	1,774,690	(34)	251,709	**4,696,673**	2,344,714
	1,888,673	2,861,168	8,626,959	(48,058)	**13,328,742**	5,166,691
Financing						
Interfund transfers	781,635	(1,645,180)	863,545	-	**-**	-
Proceeds from forgivable loan	-	-	327,046	-	**327,046**	**-**
Mortgage repayments	-	-	(936,245)	-	**(936,245)**	(1,069,461)
	781,635	(1,645,180)	254,346	-	**(609,199)**	(1,069,461)
Investing						
Decrease in investments (net)	-	(1,214,396)	-	537,647	**(676,749)**	(803,975)
Purchase of capital assets	-	-	(8,881,305)	-	**(8,881,305)**	(2,645,020)
	-	(1,214,396)	(8,881,305)	537,647	**(9,558,054)**	(3,448,995)
Net increase in cash and cash equivalents	2,670,308	1,592	-	489,589	**3,161,489**	648,235
Cash and cash equivalents, beginning of year	4,096,320	439,001	-	68,861	**4,604,182**	3,955,947
Cash and cash equivalents, end of year	$ 6,766,628	$ 440,593	$ -	$ 558,450	**$ 7,765,671**	$ 4,604,182

Changes in non-cash working capital						
Receivables	$ (3,052,550)	$ -	$ -	$ -	**$ (3,052,550)**	$ (489,385)
Interfund receivables (payables)	(2,025,248)	1,772,233	1,283	251,732	**-**	-
Prepaids	(190,265)	-	-	-	**(190,265)**	(70,254)
Payables and accruals	7,740,921	2,457	(1,317)	(23)	**7,742,038**	2,748,668
Deferred operating revenue	197,450	-	-	-	**197,450**	155,685
	$ 2,670,308	$ 1,774,690	$ (34)	$ 251,709	**$ 4,696,673**	$ 2,344,714

See accompanying notes to the financial statements.

1. Purpose of the organization

Our Mission: To help people achieve their optimal health and well-being in the community, LOFT Community Services ("We", "Organization") offers unwavering support and hope.

The LOFT Name: LOFT stands for "Leap of Faith Together". Our name refers to our philosophy of taking risks and reaching out in response to unmet and emerging needs. It also refers to the leap of faith our clients take when they join our programs and take the risk of believing that things can improve for them, and that recovery is possible.

The Organization is incorporated under the Ontario Corporations Act as a not for profit organization and is a registered charity under the Income Tax Act.

In carrying out its mission, the Organization has a number of programs and services that help people living with complex mental and physical health challenges, addictions, dementia, homelessness or risk of homelessness. Accordingly, the financial statements include the accounts for the following program operations:

Supports for Youth:
When young people are given trust and responsibility, they can transform their lives – and each other. Our goal is to develop an empathetic and hopeful relationship with each client. We seek to engage and support our youth, build upon each young person's strengths and encourage independence. We take a holistic approach, embracing mind, body and soul to ensure each client receives services in response to their unique needs.

We provide individual and group workshops, virtual and in-person drop-ins, one-on-one and peer support, supportive housing models and 24-hour phone and text support. The Organization also has partnerships with Youth Wellness Hubs Ontario, various hospitals, shelters and several post-secondary institutions. These partners act as referral sources, providing supports for high complexity needs.

Supports for Adults:
The Organization's Adult Services offer supports for mental health, substance use and homelessness or the risk of homelessness. Our services are focused on recovery and tailored to the needs of each individual.

Our services and programs include transitions from hospital, one-on-one support with daily living, assistance navigating the healthcare system and justice systems where relevant. Additional supports include referrals to addictions health care providers and other social services.

Supports for Seniors:
The Organization's Seniors Services has been a leader since 1999, providing community-based support services to vulnerable and at-risk seniors with complex challenges. These challenges include a combination of absence of family support, social isolation, cultural dislocation, poverty, mental and physical health issues, dementia, addictions and/or behavioural changes.

1. Purpose of the organization (continued)

We offer six core services:

1. Specialized assisted living
2. One-on-one supports tailored to seniors mental health needs
3. Integrated Psychogeriatric Outreach Program (IPOP), a mobile service for York Region and South Simcoe home-bound residents
4. Behavioural Support Services
5. Community Reintegration Services to help transition from hospital
6. Mental Health or addictions crisis support

2. Summary of significant accounting policies

The following significant accounting policies adopted by the Organization are in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") with the exception of the capital asset policy for real property assets financed by grants, which is in accordance with the operating agreement between the Organization and the Ministry of Health and Long-Term Care (MOHLTC).

Fund accounting

The Organization follows the restricted fund method of accounting for contributions.

General funds

(a) Operating Fund
The Operating Fund accounts for the Organization's program delivery and administrative activities. The fund reports unrestricted resources and restricted operating grants.

(b) Designated Funds
The Organization has formally set aside certain funds which are to be used for specific purposes. For financial statement presentation purposes the funds have been grouped together and are referred to as Designated Funds. The balances and activity of each of these funds are disclosed in Note 11. A description of each of these internally restricted funds follows:

(i) Stabilization Fund
The purpose of this fund is to ensure that the Organization has sufficient capital in order to provide for its ongoing operational requirements over a period of many years. The Organization supports its annual operational requirements over and above the funding it receives from donations, grants, and other sources through income it generates from its investments.

(ii) Development Fund
The purpose of this fund is to formally set aside amounts which the Board has committed to spend for special projects.

(iii) Program Designated Funds
The purpose of these funds is to recognize amounts that have been set aside for the use of specific programs in the Organization.

2. Summary of significant accounting policies (continued)

Restricted funds

(a) Capital Asset Fund
All capital assets are reported in the Capital Asset Fund. This includes projects under construction, if applicable.

(b) Capital Reserve Fund
The Organization has set aside funds which are to be used for capital expenditures. For financial statement presentation purposes the funds have been grouped together and are referred to as Capital Reserve Fund. A description of each of these internally and externally restricted funds follows:

(i) Capital Reserve Fund – MOHLTC (externally restricted)
In accordance with the requirements of the Ministry of Health and Long-Term Care, the Organization has a separate investment fund for the funding of capital expenditures.

(ii) Capital Reserve Fund – St. Anne's Place (internally restricted)
The purpose of this fund is to formally set aside amounts which the Organization has committed to spend on capital expenditures at St. Anne's Place.

Revenue recognition

Donations include both contributions received and amounts pledged.

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 related to general operations are deferred and recognized as revenue of the General Funds in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund if the amount to be received can be reasonably estimated and collection is reasonably assured.

Grant revenues are deferred and recognized as revenue when the related program expense is incurred.

Resident contributions are recognized as revenue in the operating fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Cash and cash equivalents

The Organization considers cash on hand and balances with banks, net of overdrafts, and highly liquid temporary money market instruments with original maturity dates of three months or less as cash and cash equivalents. Bank borrowings are considered to be financing activities.

2. Summary of significant accounting policies (continued)

Investments

Investments are recorded at fair value. Pooled funds are valued at the unit value supplied by the pooled fund administrator and which represent the Organization's appropriate share of underlying net assets at fair value. Investment income earned on restricted resources is recognized as revenue of the applicable fund. Other investment income is recognized as revenue of the General Funds.

Financial Instruments

Initial measurement
The Organization's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees. Financing fees relating to financial instruments are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement
At each reporting date, the Organization measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial asset), except for equities quoted in an active market. The Organization has irrevocably elected to measure its investments in fixed income instruments at fair value. All changes in fair value of the Organization's investments are recorded in the statement of operations. The financial instruments measured at amortized costs are cash and cash equivalents, receivables, payables, forgivable grant and mortgages payable.

For financial assets measured at cost or amortized cost, the Organization regularly assesses whether there are indications of impairment. If there is an indication of impairment, and the Organization determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial assets, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Employee future benefit

The Organization offers a defined benefit pension plan to employees. An expense is recorded in the period when the Organization is obligated to make contributions for services rendered by the employee. Any unpaid contributions are included in the statement of financial position.

2. Summary of significant accounting policies (continued)

Capital assets

(a) Real Property Assets Financed by Grants:
In situations where the acquisition of assets is financed by the assumption of debt, and the debt repayment is funded by the Ministry of Health and Long-Term Care, the assets are recorded at the principal amount of debt assumed, and amortization is provided in the accounts equal to the principal portion of debt obligations repaid during the year.

Capital expenditures related to these properties which are funded by the Ministry of Health and Long-Term Care are charged to operations in the year the expenditure is incurred. If the expenditures are purchased from the Capital Reserve Fund they are charged to the Capital Reserve Fund.

This policy is in accordance with the requirements of the Ministry of Health and Long-Term Care.

(b) All Other Assets:
Because the historical costs of the Organization's capital assets acquired and expensed prior to March 31, 1997 are not reasonably determinable, these assets are not capitalized and amortized. This includes three residences which are owned outright by the Organization. These residences are all located within Metropolitan Toronto and are all being utilized for the provision of non-profit residential accommodation. No current valuations are available for these properties; however, they are insured for $2,072,147 which reflects the estimated replacement value of the buildings, exclusive of the land.

All significant assets purchased subsequent to April 1, 1997, except those discussed in (a) above, are amortized on a straight-line basis over their estimated useful lives at the following rates:

Tangible	
Buildings	5%
Building improvements	5%
Leasehold improvements	over lease term
Furniture, equipment and vehicles	10 – 33 1/3%
Computer systems	33 1/3%
Intangible	
Computer software	33 1/3%

Impairment of long-lived assets

The Organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

2. Summary of significant accounting policies (continued)

Contributed services

A substantial number of volunteers contribute a significant amount of time each year to the Organization. Due to the difficulty of determining the fair value, these contributed services are not recognized or disclosed in the financial statements. Contributed materials are recorded at fair value when received.

Use of estimates

In preparing the Organization's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses. Actual results could differ from these estimates. Examples of significant estimates include the allowance for doubtful accounts, fair value of investments, and useful life of capital assets.

3. Ministry funded capital assets

LOFT has many capital assets that were acquired through the assumption of debt and the repayment of the debt is funded by the Ministry of Health and Long-Term Care. The Ministry requires these capital assets to be accounted for at the original principal amount of the debt and as the debt is repaid, the value of the capital asset is reduced by the payments made. The Ministry also requires the Organization to expense items that would be capitalized under ASNPO if they are purchased through the capital reserve fund. As the Organization is dependent on the funding support provided by the Ministry, the Organization must follow the prescribed reporting required by the Ministry. These policies are not in accordance with ASNPO which require all capital assets to be capitalized regardless of the fund and amortized over their useful lives.

4. Cash and cash equivalents

Cash and cash equivalents included $41,831 (2021 - $51,546) of monies held on behalf of tenants. These monies are restricted as they are held in trust for tenants and are not available for general use. The corresponding amounts payable to tenants are included in payables and accruals.

5. Receivables

	2022	2021
Grants	**$ 4,468,110**	$ 1,861,590
Harmonized sales tax	**740,821**	394,146
Other	**165,982**	66,627
	$ 5,374,913	$ 2,322,363

The allowance for doubtful accounts in relation to receivables is $Nil (2021 - $Nil).

6. Investments

Investments at fair value consist of the following:

	2022		2021	
Canadian Bonds				
Government	**$ 1,103,019**	**3%**	$ 1,678,813	6%
Pooled fixed income funds	**7,819,349**	**26%**	7,379,115	25%
Pooled equity funds				
Canadian	**9,698,080**	**32%**	7,435,176	26%
Global	**11,200,558**	**37%**	12,241,193	42%
	20,898,638	**69%**	19,676,369	68%
Infrastructure Fund	**704,045**	**2%**	403,778	1%
	$ 30,525,051	**100%**	$ 29,138,075	100%

Investments have been placed in an independently managed portfolio of pooled funds and bonds. All funds except for the infrastructure fund can be promptly liquefied if required. The fair value of the pooled funds is determined based on year-end quoted market prices of the underlying assets in the pooled fund. The value reported in the infrastructure fund is reported at estimated fair value for the first quarter.

Bond holdings have a weighted average term of 2.36 years (2021 – 1.27 years) to maturity and a weighted average yield of 2.55% (2021 – 2.09%).

7. Capital assets

	Cost	Accumulated Amortization	**2022 Net Book Value**	2021 Net Book Value
Tangible				
Land	$ 12,620,156	$ -	**$ 12,620,156**	$ 7,246,419
Buildings	4,972,387	2,750,584	**2,221,803**	1,083,345
Land and buildings *	21,360,492	15,921,840	**5,438,652**	6,433,331
Building improvements	16,081,225	6,971,911	**9,109,314**	7,543,935
Leasehold improvements	2,891,540	790,594	**2,100,946**	877,801
Furniture, equipment and vehicles	5,094,005	2,265,733	**2,828,272**	1,667,327
Computer systems	1,257,127	612,232	**644,895**	264,321
Intangible				
Computer software	834,875	534,244	**300,631**	274,218
	$ 65,111,807	$ 29,847,138	**$ 35,264,669**	$ 25,390,697

* Assets financed by grants and acquired by the assumption of debt from the Ministry of Health and Long-Term Care.

8. Payables and accruals

	2022	2021
Payables and accruals	**$ 15,140,844**	$ 7,472,496
Government remittances payable	**150,197**	76,507
	$ 15,291,041	$ 7,549,003

9. Deferred operating revenue

The Organization has the following deferred operating revenue:

	Opening Balance	Funds Received	Funds Recognized as Revenue	Closing Balance
Donations	$ 459,876	$ 492,540	$ (214,051)	**$ 738,365**
Centre for Addiction and Mental Health	17,891	-	(7,241)	**10,650**
City of Toronto	-	23,805	-	**23,805**
Ontario Health Central (Legacy Central LHIN*)	71,924	-	(71,924)	**-**
Ministry of Health and Long-Term Care	482,417	-	(200,000)	**282,417**
Municipality of York Region	6,009	185,330	(6,009)	**185,330**
Strides Toronto	5,000	-	(5,000)	**-**
United Way	1,559	-	-	**1,559**
	$ 1,044,676	$ 701,675	$ (504,225)	**$ 1,242,126**

* Local Health Integrated Network

10. Mortgages payable

	2022	2021
Mortgages payable	**$ 7,285,228**	$ 8,221,473
Less: current portion	**(1,690,598)**	(1,784,027)
	$ 5,594,630	$ 6,437,446

Mortgages are held on properties for which the Organization receives grant funding from the Ministry of Health and Long-Term Care. The Organization cannot dispose of any properties during the mortgage term. The Ministry of Health and Long-Term Care guarantees payment of principal and interest.

The mortgages payable are secured by real property. Rates of interest vary from 0.68% to 6.67% with maturity dates from July 2022 to September 2026.

10. Mortgages payable (continued)

Scheduled principal payments on long-term debt over the next five fiscal years and thereafter are as follows:

2023	$ 1,690,598
2024	1,517,553
2025	2,629,305
2026	1,447,772
	$ 7,285,228

Long-term obligations which are scheduled to mature within one year from the date of the statement of financial position where an agreement to refinance is not in place, have been included in current liabilities.

11. Forgivable grant

	2022	2021
Forgivable grants	**$ 600,438**	$ 301,741
Less: current portion	**(28,349)**	(21,148)
	$ 572,089	$ 280,593

Pursuant to an agreement effective August 12, 2014 the City of Toronto advanced the Organization a forgivable grant in the amount of $67,561 under the Homelessness Partnering Strategy Grant. The forgiveness of the grant is to be earned in equal amounts over a ten-year period. As long as the terms and conditions of the application are satisfied, the Organization is not required to pay any interest on the outstanding amount. Should the Organization be in default under the terms of the loan, the unearned portion of the forgivable grant will become due and payable. The ten-year period commenced April 1, 2015.

The Organization entered an agreement effective November 19, 2015 with the City of Toronto for a forgivable grant of up to $215,885 under the Investment in Affordable Housing Program – Ontario Renovates Component. The forgiveness of the grant is to be earned in equal amounts over a fifteen-year period commencing on the anniversary of the last advancement of funds. As long as the terms and conditions of the application are satisfied, the Organization is not required to pay any interest on the outstanding amount. Should the Organization be in default under the terms of the loan, the unearned portion of the forgivable grant will become due and payable.

The Organization entered an agreement effective December 13, 2019 with the City of Toronto for a forgivable grant of up to $146,000 under the Investment in Affordable Housing Program – Ontario Renovates Component. An amount of $108,005 is held in escrow for the Organization. The forgiveness of the grant is to be earned in equal amounts over a fifteen-year period commenced on the anniversary of the last advancement of funds. As long as the terms and conditions of the application are satisfied, the Organization is not required to pay any interest on the outstanding amount. Should the Organization be in default under the terms of the loan, the unearned portion of the forgivable grant will become due and payable.

11. Forgivable grant (continued)

The Organization entered an agreement effective December 22, 2020 with the City of Toronto for a forgivable grant of up to $359,555 under the Canada-Ontario Community Housing Initiative, Capital Improvement Component. The forgiveness of the grant is to be earned in equal amounts over a ten-year period commencing on the anniversary of the last advancement of funds. As long as the terms and conditions of the application are satisfied, the Organization is not required to pay any interest on the outstanding amount. Should the Organization be in default under the terms of the loan, the unearned portion of the forgivable grant will become due and payable.

The Organization entered into two agreements effective September 21, 2021 with the City of Toronto for a forgivable grant of up to $42,075 and $12,600 under the Canada-Ontario Community Housing Initiative Contribution Agreement. The forgiveness of the grant is to be earned in equal amounts over a ten-year period commencing on the anniversary of the last advancement of funds. As long as the terms and conditions of the application are satisfied, the Organization is not required to pay any interest on the outstanding amount. Should the Organization be in default under the terms of the loan, the unearned portion of the forgivable grant will become due and payable.

The Organization entered into an agreement effective September 22, 2021 with the City of Toronto for a forgivable grant of up to $1,184,000 under the Canada-Ontario Community Housing Initiative Contribution Agreement. The forgiveness of the grant is to be earned in equal amounts over a ten-year period commencing on the anniversary of the last advancement of funds. As long as the terms and conditions of the application are satisfied, the Organization is not required to pay any interest on the outstanding amount. Should the Organization be in default under the terms of the loan, the unearned portion of the forgivable grant will become due and payable.

The Organization entered into an agreement effective February 7, 2022 with the Regional Municipality of York for a forgivable grant of up to $270,000 under the Ministry of Municipal Affairs and Housing Social Services Relief Fund. An amount of $270,000 is held in escrow for the Organization. The forgiveness of the grant is to be earned in equal amounts over a ten-year period commencing on the anniversary of date of the completion of the project. As long as the terms and conditions of the application are satisfied, the Organization is not required to pay any interest on the outstanding amount. Should the Organization be in default under the terms of the loan, the unearned portion of the forgivable grant will become due and payable.

12. Detailed summary of fund balances

	Opening Balance	(Deficiency) of Revenue over Expenses	Transfers	Closing Balance
Stabilization Fund	$ 26,759,473	$ 1,860,071	$ (1,645,180)	**$ 26,974,364**
Program Designated Funds (see below)	312,540	-	-	**312,540**
Total Designated Funds	27,072,013	1,860,071	(1,645,180)	**27,286,904**
Operating Fund	-	(781,635)	781,635	**-**
Total General Funds – 2022	$ 27,072,013	$ 1,078,436	$ (863,545)	**$ 27,286,904**
Total General Funds – 2021	$ 22,638,674	$ 4,915,060	$ (481,721)	$ 27,072,013
Capital Asset Fund	$ 16,863,136	$ 9,648,009	$ 863,545	**$ 27,374,690**
Capital Reserve Fund	1,101,641	(363,133)	-	**738,508**
Total Restricted Funds – 2022	$ 17,964,777	$ 9,284,876	$ 863,545	**$ 28,113,198**
Total Restricted Funds – 2021	$ 17,387,676	$ 95,380	$ 481,721	$ 17,964,777

Currently the Organization has the following Program Designated Funds:

	2022	2021
Youth Programs	**$ 312,540**	$ 312,540

13. Bank facilities

The Organization has an available line of credit of $1,500,000 (2021 - $290,000), bearing interest at bank prime plus 0.75%, which is unsecured and was unused at March 31, 2022 and March 31, 2021.

14. Defined benefit pension plan

Effective January 1, 2022, all employees of the Organization participate in the General Synod Pension Plan, which is a multi-employer contributory defined benefit pension plan. Previously the employees of the Organization participated in a defined contribution pension plan. The General Synod Pension Plan is a defined benefit plan that specifies the amount of the retirement benefits to be received by the employees based on the length of service and rates of pay. Pension contributions on behalf of eligible employees for the year amounted to $1,025,630 (2021 - $952,528).

14. Defined benefit pension plan (continued)

The most recent actuarial valuation of the General Synod Pension Plan as at January 1, 2020 indicated net assets available for benefits of $890 million with pension obligations of $672 million, resulting in an actuarial surplus of $221 million. The regulations state that employers are not required to fund actuarially determined funding deficiencies that may occur from time to time. The next valuation will be completed as of December 31, 2022.

15. Grant funding

	General Funds	Restricted Funds	2022		2021	
Ministry of Health and Long-Term Care	$ 6,185,316	$ 3,535,458	**$ 9,720,774**	**16%**	$ 6,218,650	12%
Ministry of Community and Social Services	129,162	54,567	**183,729**	**0%**	106,300	0%
Ministry of Children and Youth Mental Health	851,304	4,472	**855,776**	**1%**	663,260	1%
Ontario Health Toronto	26,840,141	600,962	**28,321,503**	**46%**	22,787,738	46%
Ontario Health Central (Legacy Central LHIN*)	13,134,457	1,481,362	**14,615,819**	**24%**	12,831,447	26%
Ontario Health Central (Legacy North Simcoe Muskoka LHIN*)	1,379,786	40,987	**1,420,773**	**2%**	1,881,161	4%
Government of Canada Employment and Social Development	34,981	-	**34,981**	**0%**	-	0%
	48,555,147	5,717,808	**54,272,955**	**89%**	44,488,556	89%
Other:						
Addictions and Mental Health Ontario	20,126	-	**20,126**	**0%**	89,936	0%
Blue Doors Shelter	41,157	-	**41,157**	**0%**	51,481	0%
Centre for Addictions and Mental Health	382,894	383,569	**766,463**	**1%**	694,450	1%
Habitat Services	357,888	-	**357,888**	**1%**	355,667	1%
Madison Community Services	236,300	-	**236,300**	**0%**	216,860	0%
Michael Garron Hospital	-	-	**-**	**0%**	356,868	1%
Municipal and County	5,060,175	47,404	**5,107,579**	**8%**	3,508,680	7%
Strides Toronto	5,000	-	**5,000**	**0%**	13,627	0%
University funding	186,478	-	**186,478**	**0%**	124,985	0%
WoodGreen Community Services	309,375	-	**309,375**	**1%**	219,375	1%
	6,599,393	430,973	**7,030,366**	**11%**	5,631,929	11%
	$ 55,154,540	$ 6,148,781	**$ 61,303,321**	**100%**	$ 50,120,485	100%

* Local Health Integrated Network

15. Grant funding (continued)

The funders have the right to adjust funding received by the Organization and the funders are not required to communicate certain funding adjustments until after the submission of year-end data. Since this data is not submitted until after the completion of the financial statements, the amount of grant funding received by the Organization during the year may be increased or decreased subsequent to year end.

a) The Organization has a contract with the City of Toronto Shelter, Support & Housing Administration for St. Anne's Place. A reconciliation report which is submitted to the City of Toronto as part of its year end reporting requirements summarizes the rent geared to income received at St. Anne's Place and the rent supplement subsidy received adjusted for vacancy.

Annual rent-geared to income rent	$	597,103
Rent supplement subsidy	$	658,527
Vacancy adjustment		14,446
Net subsidy calculated for the year	$	672,973

b) The Organization has a Ministry Agreement with the AIDS Bureau Funding Program. A reconciliation report which is submitted to the AIDS Bureau as part of its year end reporting requirements summarizes all revenue and expenditures and identifies any resulting surplus or deficit that relates to the Ministry Agreement.

A review of this report shows the following as at March 31, 2022:

Funding received	$	272,110
Expenses incurred	$	251,760

c) The Organization has a County of Simcoe Agreement with the Social and Community Services Program. Quarterly reports which are submitted to the County of Simcoe as part of the standard submission requirement summarizes all revenue and expenditures and identifies any resulting surplus or deficit that relates to the County of Simcoe Agreement.

A review of this report shows the following as at March 31, 2022:

Funding received	$	40,000
Expenses incurred	$	40,207

d) The Organization has a contract with Strides Toronto for Emergency COVID-19 funding to Support Mental Health needs of children and families in Ontario. A final report which was submitted to Strides Toronto summarizes all revenue and expenditures and identifies any resulting surplus or deficit that relates to the Agreement

A review of this report shows the following as at March 31, 2022:

Funding received	$	5,000
Expenses incurred	$	5,000

15. Grant funding (continued)

e) The Organization has a contract with Addictions and Mental Health Ontario for Emergency COVID-19 funding for Supportive Housing in a COVID-19 Outbreak. A final report which are submitted to Additions and Mental Health Ontario as part of the standard submission requirement summarizes all revenue and expenditures and identifies any resulting surplus or deficit that relates to the Agreement.

A review of this report shows the following as at March 31, 2022:

Funding received	$	20,126
Expenses incurred	$	20,126

16. Other revenue

Included in other revenue is $4,073,754 of assets contributed by Arrabon Inc. On July 7, 2021, the Organization and Arrabon Inc. entered into an agreement whereby the Organization received land in the amount of $3,520,000, buildings in the amount of $880,000, and various other capital assets in the amount of $17,720. The Organization also assumed a mortgage in the amount of $162,853. In addition, the Organization made contributions totalling $181,113.

Also included in other revenue is $21,923 of contributed vehicles.

17. Fundraising expenses

Fundraising expenses in the amount of $643,547 (2021 - $380,081) were incurred to generate donations revenue, and are included as expenses of the Operating Fund as part of salaries and wages and administration.

18. Interfund transfers

Transfers were made from the Designated Funds to the Operating Fund to fund operating deficits, and to the Capital Asset Fund to finance the purchase of capital assets.

19. Commitments and contingency

Commitments

The Organization has operating lease agreements for premises and equipment expiring up to May 2032 with approximate minimum annual lease payments in each of the next five years and thereafter as follows:

2023	$	5,735,941
2024		5,250,581
2025		4,464,350
2026		4,075,925
2027		3,733,487

Contingency

A claim has been made against the Organization for damages in the amount of $5,000,000, which is in dispute. Management's position is that the claim is not reasonable and the amount at which this claim will be settled, if any, is not determinable based on the information currently available.

20. Financial instruments and risk

Financial instruments

The Organization has a risk management framework to monitor, evaluate and manage the principal risks assumed with its financial instruments. The risks that arise from financial instruments include credit risk, market risk and interest rate risk. It is management's opinion that the Organization is not exposed to significant currency or concentration risks arising from its financial instruments, and these risks remain consistent with the prior year.

Credit risk

The Organization has determined that the financial assets with credit risk exposure are receivables since failure of any of these parties to fulfill their obligations could result in significant financial losses for the Organization. The entity is also exposed to concentration risk in that all of its cash is held with one financial institution and the balances held are in excess of Canadian Deposit Insurance Corporation Limits.

20. Financial instruments and risk (continued)

Market risk

The Organization is subject to market risk on the investments. These investments are subject to market risk such that the fair value of these investments may change as a result of factors specific to a particular investment or as a result of factors affecting all instruments trading in the market. The Organization manages this risk by using a professional portfolio manager with oversight by the Organization's Portfolio Investment Committee and maintaining a diversified portfolio with a mix of bonds, fixed income fund and equity funds. In relation to the infrastructure fund, the assets of the underlying portfolio are illiquid and there is no assurance that the assets of the portfolio including the underlying limited partnerships will be able to realize their investments in a timely manner. If the underlying limited partnerships elected to liquidate their infrastructure investments to fund unit redemption, the proceeds might be significantly less than the aggregate carrying value of the investments.

Interest rate risk

The Organization's earnings are exposed to the interest rate risk that arises from fluctuations in interest rates and the degree of volatility of these rates. The Organization does not use derivative instruments to reduce its exposure to interest rate risk.

Liquidity risk

The Organization's liquidity risk represents the risk that the Organization could encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is, therefore, exposed to liquidity risk with respect to its payables and accruals and mortgages payable.

21. Subsequent event

On April 1, 2022 the Organization amalgamated with Toronto North Support Services. The subsequent event will result in a change in future revenues and expenses.