

**LEEDS GRENVILLE PHASED  
HOUSING PROGRAMME  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2015**

**CONTENTS**

Independent Auditors' Report

Statement of Financial Position

Statement of Operations

Statements of Capital Reserve Fund  
and Unrestricted Fund

Statement of Cash Flows

Notes to Financial Statements

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors:

**Report on the Financial Statements**

We have audited the accompanying financial statements of Leeds Grenville Phased Housing Programme which comprise the statement of financial position as at March 31, 2015, and the statements of operations, capital reserve fund and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management of Leeds Grenville Phased Housing Programme to comply with the Corporation's annual financial reporting requirements.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ministry of Health and Long Term Care, 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.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of these financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements of Leeds Grenville Phased Housing Programme are prepared, in all material respects, in accordance with the financial requirements of the Ministry of Health and Long Term Care.

*Basis of Accounting and Restriction on Distribution and Use*

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist Leeds Grenville Phased Housing Programme comply with the financial reporting requirements referred to above. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for Leeds Grenville Phased Housing Programme and should not be distributed to or used by other parties other than the Board of Directors and the Ministry of Health and Long Term Care.

*Nepkin Winter Bingley*

Smiths Falls, Ontario  
June 11, 2015

Chartered Professional Accountants  
Licensed Public Accountants

**LEEDS GRENVILLE PHASED HOUSING PROGRAMME**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2015**

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
CURRENT		
Cash (note 3)	\$ 36,811	\$ 40,464
Accounts receivable	4	(619)
Due from Ministry of Health and Long-Term Care	11,800	-
Due from Brockville Supportive Non-Profit Housing	-	213
GST/HST recoverable	10,693	17,453
	59,308	57,511
Restricted cash and short-term investments (note 3)	24,590	21,778
Capital assets (note 4)	1,078,734	1,079,385
Less accumulated amortization	569,610	524,506
	509,124	554,879
	<u>\$ 593,022</u>	<u>\$ 634,168</u>
<b>LIABILITIES</b>		
CURRENT		
Accounts payable and accrued liabilities	\$ 17,791	\$ 17,344
Payable to Ministry of Health and Long-Term Care (note 5)	2,376	-
Due to Leeds Grenville Mental Health (note 6)	6,071	7,097
Current portion of long-term debt	47,114	165,293
	73,352	189,734
Long-term debt (note 7)	462,010	389,586
NET ASSETS		
Capital reserve fund	24,590	21,778
Unrestricted	33,070	33,070
	57,660	54,848
	<u>\$ 593,022</u>	<u>\$ 634,168</u>

APPROVED ON BEHALF OF THE BOARD

\_\_\_\_\_ Director \_\_\_\_\_ Director

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

**LEEDS GRENVILLE PHASED HOUSING PROGRAMME**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

	<b>2015</b>	<b>2014</b>
<b>REVENUE</b>		
Ministry of Health and Long-term Care:		
Approved subsidy	\$ 180,641	\$ 175,576
One-time funding for capital reserve fund	11,800	12,100
Rent	56,978	51,379
Excess of approved subsidy and other revenue over expenses (note 5)	(2,376)	-
	<b>247,043</b>	<b>239,055</b>
<b>EXPENSES</b>		
Building and equipment repairs and maintenance	44,764	37,741
Grounds maintenance	22,446	25,562
Repairs and maintenance - other	8,390	10,801
Security	3,478	5,299
Utilities	45,066	38,398
Office and administrative supplies	1,007	483
Professional fees	6,000	5,496
Management fees (note 6)	6,070	4,431
Municipal taxes	18,498	18,543
Insurance	11,709	11,362
Interest on long-term debt	12,820	15,708
Amortization of capital assets	45,755	43,885
Transfer to capital reserve fund	21,040	21,346
	<b>247,043</b>	<b>239,055</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OR EXPENSES</b>	<b>\$ -</b>	<b>\$ -</b>

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

**LEEDS GRENVILLE PHASED HOUSING PROGRAMME**  
**STATEMENT OF CAPITAL RESERVE FUND**  
**FOR THE YEAR ENDED MARCH 31, 2015**

	<b>2015</b>	<b>2014</b>
Balance, beginning of year	\$ 21,778	\$ 29,385
Additions:		
transfer of capital reserve allowance	9,240	9,246
one-time funding from Ministry of Health and Long-Term Care	11,800	12,100
Interest	345	464
Transfer from Unrestricted Fund	-	65,646
	43,163	116,841
Disbursements	18,573	95,063
<u>Balance, end of year</u>	<u>\$ 24,590</u>	<u>\$ 21,778</u>

**STATEMENT OF UNRESTRICTED FUND**

	<b>2015</b>	<b>2014</b>
Balance, beginning of year	\$ 33,070	\$ 98,616
Transfer (to) from Capital Reserve Fund	-	(65,646)
Ministry adjustment to prior year amounts	-	100
<u>Balance, end of year</u>	<u>\$ 33,070</u>	<u>\$ 33,070</u>

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

**LEEDS GRENVILLE PHASED HOUSING PROGRAMME****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED MARCH 31, 2015**

	<b>2015</b>	<b>2014</b>
Cash provided by (used for):		
Operations:		
Excess (deficiency) of revenue over expense	\$ -	\$ -
Accounts receivable	(623)	1,520
Due from Ministry of Health and Long-Term Care	(11,800)	-
Due from Brockville Supportive Non Profit Housing	213	181
Decrease (increase) in GST/HST recoverable	6,760	(2,893)
Increase (decrease) in accounts payable and accrued liabilities	447	(676)
Increase (decrease) in payable to Ministry of Health (LTC)	2,376	(5,874)
Due to Leeds Grenville Mental Health	(1,026)	6,091
	<u>(3,653)</u>	<u>(1,651)</u>
Financing and investing activities:		
Decrease (increase) in short-term investment	(345)	(385)
Increase (decrease) in capital reserve fund	2,812	(73,253)
Ministry of Health (LTC) adjustment re: prior years	-	100
	<u>2,467</u>	<u>(73,538)</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b>(1,186)</b>	<b>(75,189)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>18,981</b>	<b>94,170</b>
<b>CASH, END OF YEAR (note 3)</b>	<b>\$ 17,795</b>	<b>\$ 18,981</b>

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

# LEEDS GRENVILLE PHASED HOUSING PROGRAMME

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

---

The Leeds Grenville Phased Housing Programme is incorporated without share capital under the Corporations Act (Ontario). The Corporation operates five residential facilities that provide special needs supportive housing for individuals living with mental illness at risk of being homeless. The Corporation is a registered charity under the Income Tax Act and is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

### 1. **Basis of accounting:**

The financial statements have been prepared with Canadian Accounting Standards for Not-For-Profit Organizations, with certain exceptions referenced below to comply with the Corporation's annual financial reporting requirements to the Ministry of Health and Long-Term Care. The basis of accounting used in these financial statements materially differs from generally accepted accounting principles (GAAP) since:

- (a) amortization is not provided on capital assets over the estimated useful lives of these assets but rather at a rate equal to the annual principal reduction of the mortgages:
- (b) capital assets:
  - (i) purchased from unrestricted net assets are charged to operations in the year the expenditure is incurred, and
  - (ii) purchased from the capital reserve are charged against the capital reserve fund, rather than being capitalized on the statement of financial position and amortized over their estimated useful lives; and
- (c) a reserve for future capital needs is appropriated annually from operations.

### 2. **Significant accounting policies:**

#### (a) *Revenue recognition*

The Corporation follows the deferral method of accounting for contributions, which include government grants and subsidies.

The Corporation is funded by the Province of Ontario in accordance with budget arrangements approved by the Ministry of Health and Long-Term Care. Operating subsidies are recorded as revenue in the period to which they relate. Operating subsidies approved but not received at the end of an accounting period are accrued. Where a portion of a subsidy relates to a future period, it is deferred and recognized in the subsequent period. These financial statements reflect agreed arrangements approved by the Ministry with respect to the year ended March 31, 2015.

Contributions restricted for appropriation to the capital reserve fund are recorded as revenue in the period in which they are received.

Contributions restricted for the purchase of capital assets are included in revenue in the year of acquisition of the capital assets.

Rental income is recorded on a monthly basis according to the duration of the occupancy by the tenant.

LEEDS GRENVILLE PHASED HOUSING PROGRAMME

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

2. **Significant accounting policies (continued):**

(b) *Restricted assets*

The Corporation is required by the Ministry of Health and Long-Term Care to maintain a capital reserve fund for major repairs to and replacement of capital assets.

(c) *Management estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates. These estimates are reviewed annually and, as adjustments become necessary, they are recorded in the financial statements in the year they become known. Specifically, estimates may be used in the determination of accounts payable and accrued liabilities.

3. **Cash and short-term investment:**

	2015	2014
Cash and short-term investment:		
Cash	\$ 36,811	\$ 40,464
Restricted	24,590	21,778
	<u>\$ 61,401</u>	<u>\$ 62,242</u>
Comprised of:		
Cash	\$ 17,795	\$ 18,981
Short-term investment	43,606	43,261
	<u>\$ 61,401</u>	<u>\$ 62,242</u>

The short-term investment is a Bank of Montreal redeemable term investment earning interest at 0.9% with a maturity date in February 2015.

4. **Capital assets:**

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
Land and buildings:				
Church Street	\$ 176,668	\$ 100,832	\$ 75,836	\$ 83,899
Davison Avenue	439,933	206,546	233,387	250,618
Edward Street	154,906	88,561	66,345	73,291
King Street	183,387	103,023	80,364	88,261
Murray Street	123,840	70,648	53,192	58,810
	<u>\$ 1,078,734</u>	<u>\$ 569,610</u>	<u>\$ 509,124</u>	<u>\$ 554,879</u>

**LEEDS GRENVILLE PHASED HOUSING PROGRAMME**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2015**

**5. Payable to Ministry of Health and Long-Term Care:**

	<b>2015</b>	<b>2014</b>
Excess of approved subsidy and other revenue over expenses:		
Current year	\$ 2,376	\$ -
Prior years	-	-
	<u>\$ 2,376</u>	<u>\$ -</u>

**6. Related Party Transactions:**

Leeds Grenville Phased Housing Programme, Leeds Grenville Mental Health and Brockville Supportive Non-Profit Housing Corporation are common control organizations as they have the same Board of Directors.

Certain inter-company costs are reimbursed within these organizations and may include maintenance costs and management fees. Total management fees paid to Leeds Grenville Mental Health are \$6,071: 2014, \$4,431 and are included in the inter-company accounts payable at year end of \$6,071: 2014, \$7,097.

All these transactions were carried out in the normal course of operations and are recorded at the exchange value. This value corresponds to the consideration agreed upon by the parties and is determined based on the costs incurred.

**7. Long-term debt:**

	<b>2015</b>	<b>2014</b>
2.35% Mortgage on 31 Murray Street, payable \$586 monthly including interest, due July 1, 2019	\$ 53,192	\$ 58,811
2.225% Mortgage on 30 Edward Street, payable \$721 monthly including interest, due August 1, 2019	66,345	73,290
3.048% Mortgage on 186 Church Street, payable \$874 monthly including interest, due May 1, 2016	75,836	83,899
2.1990% Mortgage on 58 Davison Avenue, payable \$1,878 monthly including interest, due January 1, 2017	233,387	250,618
2.433% Mortgage on 414 King Street, payable \$828 monthly including interest, due March 1, 2019	80,364	88,261
	509,124	554,879
<u>Current portion of long-term debt</u>	47,114	165,293
	<u>\$ 462,010</u>	<u>\$ 389,586</u>

# LEEDS GRENVILLE PHASED HOUSING PROGRAMME

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

### 7. Long-term debt: (continued)

Principal due within each of the next five years and in aggregate is as follows:

2016	\$ 47,114	\$ 165,293
2017	304,990	34,013
2018	22,200	291,588
2019	69,518	8,491
2020	65,302	55,494
	<u>\$ 509,124</u>	<u>\$ 554,879</u>

### 8. FINANCIAL INSTRUMENTS

The organization's financial instruments include, cash, due from Brockville Supportive Non-Profit Housing, due from Ministry of Municipal Affairs and Housing, GST/HST recoverable and accounts payable. Due to their nature or capacity for prompt liquidation, the fair values of these financial instruments approximate their carrying values.

In the opinion of management, the organization is not subject to any significant currency or credit risk in respect of the financial statements.

The organization's exposure to and management of risk has not changed materially from March 31, 2013.

### 9. CAPITAL DISCLOSURES

The organization defines capital as the sum of its capital reserve fund and unrestricted net assets. The organization is not subject to externally imposed requirements on capital.

The organization's objectives when managing capital are:

- (a) to fiscally operate within the parameters established in the operational budgets approved by the Executive Committee and the Ministry of Health and Long Term Care.
- (b) to maintain sufficient liquidity to enable it to meet its obligations as they become due.

Organization management prepares annual budgets. These budgets are reviewed and approved by the Executive Committee. Throughout the year management and the Executive Committee monitor the actual results and advises management as it deems appropriate in the circumstances.

### 10. SUBSEQUENT EVENT

- (a) Effective April 1, 2015 Leeds Grenville Phased Housing Programme amalgamated with Tri County Addiction Services (TRICAS), Brock Cottage/ Tennant House, Leeds Grenville Mental Health and Brockville Supportive Non-Profit Housing Coalition to form Lanark, Leeds and Grenville Addictions and Mental Health.

**LEEDS GRENVILLE PHASED HOUSING PROGRAMME**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2015**

---

**10. SUBSEQUENT EVENT (CONTINUED)**

(b) Environmental issue and property damage

Due to an oil leak on May 7, 2015, in the basement of the King Street property, numerous issues have developed that are inconclusive at the audit report date. Management has identified the following risks:

- Potential for building demolition
- Potential for a \$50,000 insurance deductible
- The closure of this property for a lengthy period of time
- Uncertainty as to the adequacy of the insurance to cover the costs of clean up

Due to these uncertainties, no amount has been provided for in the financial statements to cover the possible financial implications of this event.