

**PROGRESS PLACE REHABILITATION CENTRE  
(METROPOLITAN TORONTO) INC.**

**Financial Statements**

**March 31, 2022**

**PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.**

**Index to Financial Statements**

**Year Ended March 31, 2022**

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	Page
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	3
Statement of Operations and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9

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## INDEPENDENT AUDITOR'S REPORT

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To the Directors of Progress Place Rehabilitation Centre (Metropolitan Toronto) Inc.

### *Opinion*

We have audited the financial statements of Progress Place Rehabilitation Centre (Metropolitan Toronto) Inc. ("Progress Place"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations and 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 Progress Place as at March 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Progress Place 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 Progress Place'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 Progress Place or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Progress Place'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.

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Independent Auditor's Report to the Directors of Progress Place Rehabilitation Centre (Metropolitan Toronto) Inc.  
(continued)

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 this financial information.

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 Progress Place'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 Progress Place'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 Progress Place 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.

*Hogg, Shain & Scheck PC*

Toronto, Ontario  
June 20, 2022

Authorized to practise public accounting by the  
Chartered Professional Accountants of Ontario

**PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.**

**Statement of Financial Position**

**As at March 31, 2022**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 423,784	\$ 544,342
Harmonized Sales Tax recoverable	72,809	56,733
Accounts receivable	46,959	26,528
Prepaid expenses	128,291	195,332
	<u>671,843</u>	822,935
<b>INVESTMENTS (Note 3)</b>	549,001	539,957
<b>CAPITAL ASSETS (Note 4)</b>	<u>1,492,443</u>	1,428,057
	<u>\$ 2,713,287</u>	<u>\$ 2,790,949</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 128,805	\$ 203,510
Deferred revenues (Note 5)	188,346	378,367
	<u>317,151</u>	581,877
<b>DEFERRED CONTRIBUTIONS FOR CAPITAL ASSET PURCHASES (Note 6)</b>	<u>1,452,154</u>	1,365,521
	1,769,305	1,947,398
<b>NET ASSETS</b>		
<b>UNRESTRICTED</b>	<u>943,982</u>	843,551
	<u>\$ 2,713,287</u>	<u>\$ 2,790,949</u>
<b>CONTINGENCY (Note 7)</b>		

**APPROVED ON BEHALF OF THE BOARD**

*Justin Scaini*

Director

*Richard Worsfold*

Richard Worsfold (Jun 29, 2022 17:54 EDT)

Director

See the accompanying notes to these financial statements

**PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.**

**Statement of Operations and Changes in Net Assets**

**Year Ended March 31, 2022**

	Operations	Community Support Programs	2022	2021
<b>REVENUES</b>				
Grants <i>(Note 4)</i>				
Provincial Health Agency	\$ 3,445,701	\$ -	\$ 3,445,701	\$ 2,959,338
City of Toronto	80,104	276,335	356,439	363,510
Ministry of Health and Long Term Care	294,591	-	294,591	267,806
Federal	142,849	119,314	262,163	37,027
Housing Connections Supplement	-	-	-	38,085
Resource development	7,000	187,962	194,962	142,102
Amortization of deferred contributions for capital asset purchases <i>(Note 6)</i>	148,923	-	148,923	123,715
Service contributions	-	115,427	115,427	-
Rents	91,755	-	91,755	21,557
Interest	-	9,829	9,829	11,006
	<u>4,210,923</u>	<u>708,867</u>	<u>4,919,790</u>	<u>3,964,146</u>
<b>EXPENSES</b>				
Salaries and benefits	2,545,554	349,666	2,895,220	2,508,198
Housing programs	776,358	-	776,358	348,146
Program supplies and other	613,432	153,906	767,338	675,204
Amortization of capital assets	148,924	22,246	171,170	145,964
Building	76,300	53,929	130,229	120,031
Equipment	14,582	26,409	40,991	52,013
Professional fees	35,773	2,280	38,053	106,500
	<u>4,210,923</u>	<u>608,436</u>	<u>4,819,359</u>	<u>3,956,056</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	-	100,431	100,431	8,090
<b>NET ASSETS - BEGINNING OF YEAR</b>	-	843,551	843,551	835,461
<b>NET ASSETS - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 943,982</u>	<u>\$ 943,982</u>	<u>\$ 843,551</u>

*See the accompanying notes to these financial statements*

**PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.****Statement of Cash Flows  
Year Ended March 31, 2022**

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 100,431	\$ 8,090
Items not affecting cash:		
Amortization of deferred contributions for capital asset purchases	(148,923)	(123,715)
Amortization of capital assets	171,170	145,964
	<u>122,678</u>	<u>30,339</u>
Changes in non-cash working capital:		
Harmonized Sales Tax recoverable	(16,076)	(24,839)
Accounts receivable	(20,431)	64,831
Prepaid expenses	67,041	(113,699)
Accounts payable and accrued liabilities	(74,705)	(19,613)
Deferred revenues	(190,021)	236,324
	<u>(234,192)</u>	<u>143,004</u>
Cash flows from (used by) operating activities	<u>(111,514)</u>	<u>173,343</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(235,556)	(275,115)
Purchase of investments, net	(9,044)	(10,569)
Cash flows used by investing activities	<u>(244,600)</u>	<u>(285,684)</u>
<b>FINANCING ACTIVITY</b>		
Capital asset grants received	<u>235,556</u>	<u>275,115</u>
Cash flows from financing activity	<u>235,556</u>	<u>275,115</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b>(120,558)</b>	<b>162,774</b>
<b>CASH - BEGINNING OF YEAR</b>	<u>544,342</u>	<u>381,568</u>
<b>CASH - END OF YEAR</b>	<u>\$ 423,784</u>	<u>\$ 544,342</u>

See the accompanying notes to these financial statements

**PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2022**

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**1. PURPOSE OF THE ORGANIZATION**

Progress Place Rehabilitation Centre (Metropolitan Toronto) Inc. ("Progress Place") was incorporated under the laws of the Province of Ontario on January 16, 1984 as a corporation without share capital to function exclusively as a charitable organization. A primary objective of Progress Place is to provide rehabilitation and housing for persons with severe and persistent mental illness. Progress Place is a certified training base in the clubhouse model of psychosocial rehabilitation.

Progress Place receives the majority of its funding from the Government of Ontario in the form of permanent funding and occasional one-time grants.

Progress Place is a registered charitable organization under the Income Tax Act (Canada) and as such is exempt from income taxes.

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**2. SUMMARY OF ACCOUNTING POLICIES**

Basis of presentation

The financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

Fund accounting

Progress Place utilizes fund accounting to report its operating results.

The Operations Fund reports resources from the Ministry in accordance with an approved operating budget.

The Community Support Programs reports all other resources of Progress Place.

Revenue recognition

Progress Place follows the deferral method of accounting for contributions.

Restricted contributions, including grants, are recognized as revenues in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Resource development revenues from training fees are recognized when training services and activities have been provided.

Revenues from fundraising events and donations are recognized when received, and included in resource development revenues.

Rent revenue is recognized on the first of the month for the period covered by the rent.

Interest received during the year are recognized as revenues when earned.

Service contributions revenue is recognized when services and activities have occurred.

Contributions for the purchase of capital assets are initially deferred on the statement of financial position and then amortized as revenues in the statement of operations on the same basis as the related capital asset costs are amortized.

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**PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2022**

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**2. SUMMARY OF ACCOUNTING POLICIES (continued)**

Financial instruments

Progress Place initially measures its financial assets and financial liabilities at fair value. Progress Place subsequently measures all of its financial assets and financial liabilities at amortized cost. The financial assets subsequently measured at amortized cost include cash and accounts receivable. The financial liabilities measured at amortized cost includes accounts payable.

Impairment of financial instruments

Financial assets measured at cost or amortized cost are tested for impairment if there are indications of possible impairment. A previously recognized impairment loss may be reversed to the extent of the improvement, either directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal, had the impairment loss not been recognized previously. The amount of any write down or reversal is recognized in excess of revenues over expenses.

Capital assets

Capital assets are recorded at cost less accumulated amortization.

Amortization is provided on a straight-line basis over the useful life of the assets, which are 20 years for the building and building improvements; 5 to 10 years for furniture and equipment; and 3 years for computer equipment.

Capitalized building improvements costs include pre-construction costs essential to the development of improvements, development costs, construction costs and general and administrative costs incurred to the date of substantial completion.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Impairment of long-lived assets

Long-lived assets, including capital assets, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment loss is measured as the amount by which the carrying amount of the assets exceeds its fair value. Fair value is determined by the sum of undiscounted cash flows resulting from its use and eventual disposition.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Such estimates are periodically reviewed and any adjustments necessary are reported in excess of revenues over expenses in the year in which they become known. Such estimates include useful life of capital assets, year end accruals and collectability of accounts receivable. Actual results could differ from these estimates.

Donations in kind

Revenues from donations in kind and their corresponding assets and expenses are not reflected in the financial statements.

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**PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2022**

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**2. SUMMARY OF ACCOUNTING POLICIES (continued)**

Contributed services

Volunteers contribute an undeterminable but substantial number of hours during the year to assist Progress Place in carrying out its mission and activities. Since Progress Place would not otherwise purchase these services, contributed services are not recognized in these financial statements.

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**3. FINANCIAL INSTRUMENTS**

Investments, which are stated at fair value, consist of investment grade Canadian financial institution guaranteed investment certificates, having maturity dates from May 2023 to June 2026 and interest rates ranging from 1.2% to 2.1%, as well as money market mutual funds.

Progress Place is exposed to various risks through its financial instruments. Credit risk on accounts receivable is mitigated by close monitoring of outstanding balances and assessment of estimated realizable value. Cash consists of cash on hand and deposits held at a major Canadian financial institution. Interest rate risk on its fixed rate guaranteed investment certificates is mitigated by matching the maturities of such certificates to expected cash flow requirements. Market risk associated with investments is reduced to a minimum since these assets are invested in investment grade guaranteed instruments. Liquidity risk is mitigated as cash balances are sufficient to cover accounts payable as they become due.

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**4. CAPITAL ASSETS**

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Building improvements	\$ 3,071,311	\$ 1,985,931	\$ 1,085,380	\$ 1,108,992
Furniture and equipment	812,031	412,581	399,450	307,645
Computer equipment	11,420	3,807	7,613	11,420
Building	3,042,200	3,042,200	-	-
	<u>\$ 6,936,962</u>	<u>\$ 5,444,519</u>	<u>\$ 1,492,443</u>	<u>\$ 1,428,057</u>

A substantial portion of capital asset purchases have been funded by capital asset grants (Note 6).

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**5. DEFERRED REVENUES**

Deferred revenues as at March 31 consist of the following:

	2022	2021
Tenant rental deposits	\$ 88,194	\$ 147,816
Resource development	72,400	119,773
Grants:		
City of Toronto	27,752	61,778
Employment and Social Development Canada	-	49,000
	<u>\$ 188,346</u>	<u>\$ 378,367</u>

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**PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2022**

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**5. DEFERRED REVENUES (continued)**

The continuity of deferred revenues for the year is as follows:

	<u>2022</u>	<u>2021</u>
Balance - beginning of year	\$ 378,367	\$ 142,043
Add: amounts received during the year	715,298	799,409
Less: amounts recognized as revenues in the year	<u>(905,319)</u>	<u>(563,085)</u>
Balance - end of year	<u>\$ 188,346</u>	<u>\$ 378,367</u>

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**6. DEFERRED CONTRIBUTIONS FOR CAPITAL ASSET PURCHASES**

The Ontario Ministry of Health and Ontario Trillium Foundation have provided funding for building improvements and other capital assets. The continuity of deferred contributions for capital asset purchases is as follows:

	<u>2022</u>	<u>2021</u>
Balance - beginning of year	\$ 1,365,521	\$ 1,214,121
Add: amounts received in the year	235,556	275,115
Less: amounts recognized as revenues in the year	<u>(148,923)</u>	<u>(123,715)</u>
Balance - end of year	<u>\$ 1,452,154</u>	<u>\$ 1,365,521</u>

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**7. CONTINGENCY**

In 2019, Progress Place was one of several organizations named in a legal claim from a former visitor. Due to COVID-19, the claim is still in its early stages. As a result, the outcome or a possible liability, if any, are not determinable at this time. Accordingly, no amount has been included in these financial statements related to this matter.

Coverage of this matter is under assessment with Progress Place's insurance company. Currently, the insurance company has retained a lawyer to assess this matter.

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**8. COVID-19**

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. As a result, Progress Place has a number of employees working from home and moved some of its programming online.

The duration and impact of COVID-19 are unknown at this time. It is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of Progress Place in future years. Progress Place continues to closely monitor and assess the impact on operations. It is the opinion of management, that Progress Place will have sufficient resources to mitigate any potential negative impact that may occur in fiscal 2023 as a result of COVID-19.

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