

**MARGARET'S HOUSING  
AND COMMUNITY  
SERVICES INC.**

**FINANCIAL STATEMENTS**

**MARCH 31, 2021**

# MARGARET'S HOUSING AND COMMUNITY SERVICES INC.

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To the Board of Directors of  
Margaret's Housing and Community Services Inc.

**Qualified Opinion**

We have audited the accompanying financial statements of Margaret's Housing and Community Services Inc., which comprise the statement of financial position as at March 31, 2021 and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effect of the matter described in the Basis of Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2021 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 Qualified Opinion**

In common with many charitable organizations, the corporation derives part of its revenue from fundraising events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our examination of these revenues was limited to the amounts recorded in the records of the corporation and we were not able to determine whether any adjustment might be necessary to fundraising, excess of revenues over expenses, assets and net assets.

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 corporation 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 these financial statements in accordance with Canadian generally accepted accounting standards for not-for-profit organizations, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is responsible for assessing the corporation'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 corporation or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the corporation's financial reporting process.

#### ***Auditors' Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation'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 corporation'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 entity to cease to continue as a going concern.

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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.

August 11, 2021  
Ajax, Ontario

TURNERMOORE LLP

Chartered Professional Accountants  
Licensed Public Accountants

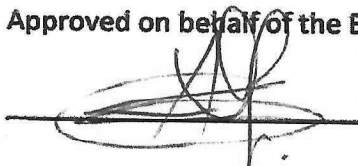


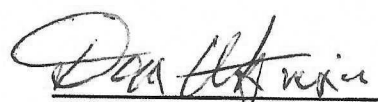
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**MARGARET'S HOUSING AND COMMUNITY SERVICES INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2021**

	2021	2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash (Note 3)	\$ 3,045,590	\$ 2,517,188
Short term investments (Note 4)	460,428	425,824
Accounts receivable (Note 5)	316,969	221,655
HST Recoverable	189,838	91,601
Prepaid construction costs	107,552	-
Prepaid expenses (Note 6)	32,216	-
	<b>4,152,593</b>	<b>3,256,268</b>
<b>Restricted Capital Assets (Note 7)</b>	<b>11,525,909</b>	<b>7,376,242</b>
	<b>\$15,678,502</b>	<b>\$10,632,510</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 1,584,554	\$ 919,134
Payroll source deductions payable	553	26,188
Deferred contributions (Note 11)	933,672	1,926,511
	<b>2,518,779</b>	<b>2,871,833</b>
<b>Forgivable loan - Restricted Capital Asset (Note 8)</b>	<b>2,500,000</b>	<b>1,250,000</b>
<b>Mortgage payable - Restricted Capital Asset (Note 9)</b>	<b>3,800,561</b>	<b>-</b>
	<b>8,819,340</b>	<b>4,121,833</b>
<b>NET ASSETS</b>		
<b>Designated Net Assets (Note 4)</b>	<b>460,428</b>	<b>425,824</b>
<b>Contributed Restricted Capital Assets</b>	<b>5,162,206</b>	<b>5,162,206</b>
<b>Unrestricted</b>	<b>1,236,528</b>	<b>922,647</b>
	<b>6,859,162</b>	<b>6,510,677</b>
	<b>\$15,678,502</b>	<b>\$10,632,510</b>

Approved on behalf of the Board:

 Director

 Director

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

**MARGARET'S HOUSING AND COMMUNITY SERVICES INC.  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED MARCH 31, 2021**

	Unrestricted	Designated	2021	2020
<b>BALANCE, BEGINNING OF THE YEAR</b>	\$ 922,647	\$ 425,824	\$ 1,348,471	\$ 1,202,219
Excess receipts over expenditures for the year	348,485	-	348,485	146,252
Allocation of investment income	(34,604)	34,604	-	-
<b>BALANCE, END OF YEAR</b>	<b>\$ 1,236,528</b>	<b>\$ 460,428</b>	<b>\$ 1,696,956</b>	<b>\$ 1,348,471</b>
<b>CONTRIBUTED RESTRICTED CAPITAL ASSETS</b>				
Capital assets, beginning of year			\$ 5,162,206	\$ -
Add: Contribution of tangible capital assets			-	5,100,000
Add: Cost allocated from unrestricted funds			-	62,206
Add: Capital additions in the year			-	748,460
Less: Capital grants received for renovations			-	(200,000)
Less: Forgivable loan for building renovations			-	(625,000)
Add: Unexpended restricted capital funds			-	76,540
<b>BALANCE, END OF YEAR</b>			<b>\$ 5,162,206</b>	<b>\$ 5,162,206</b>

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

**MARGARET'S HOUSING AND COMMUNITY SERVICES INC.**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

	2021	2020
<b>RECEIPTS</b>		
City of Toronto <i>(Note 12)</i>	\$ 4,778,137	\$ 4,685,493
Toronto Central LHIN	1,120,125	986,331
Partnership Programs <i>(Note 13)</i>	-	230,605
Service Canada	16,832	47,479
Family Service Ontario	145,669	154,283
Fees from residents	196,091	208,035
Donations and fundraising	321,699	139,147
Investment income	45,409	3,001
	<b>6,623,962</b>	<b>6,454,374</b>
<b>EXPENDITURES</b>		
Advertising and promotions	1,154	984
Donation and Fundraising expenses	9,751	38,390
Food program	343,321	354,033
Insurance	17,637	11,100
Occupancy costs	455,593	264,844
Office and general	181,995	209,664
Professional fees	50,429	10,104
Pledges written off	10,665	-
Program costs	544,957	429,791
Subcontract expenses	633,393	408,815
Training	113,135	37,484
Travel	14,403	43,069
Wages and benefits	3,899,044	4,499,844
	<b>6,275,477</b>	<b>6,308,122</b>
<b>EXCESS OF RECEIPTS OVER EXPENDITURES</b>	<b>\$ 348,485</b>	<b>\$ 146,252</b>

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



**MARGARET'S HOUSING AND COMMUNITY SERVICES INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Receipts in excess of expenditures	\$ 348,485	\$ 146,252
<b>Changes in non-cash working capital</b>		
Accounts receivable	(95,314)	76,371
HST Recoverable	(98,237)	(22,575)
Prepaid expenses	(32,216)	13,421
Accounts payable and accrued liabilities	665,420	272,808
Payroll source deductions payable	(25,635)	(91,981)
Deferred contributions	(992,839)	1,517,628
<b>Net cash provided by operations</b>	<b>(230,336)</b>	<b>1,911,924</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of restricted capital assets	(4,149,667)	(1,665,576)
Short-term investments	(34,604)	8,144
Prepaid construction costs	(107,552)	-
<b>Net cash used by investing activities</b>	<b>(4,291,823)</b>	<b>(1,657,432)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from forgivable loan	5,050,561	625,000
<b>Net cash used in financing activities</b>	<b>5,050,561</b>	<b>625,000</b>
Net increase in cash and cash equivalents	563,006	871,348
Cash and cash equivalents, beginning the year	2,943,012	2,071,664
<b>Cash and cash equivalents, end the year</b>	<b>\$ 3,506,018</b>	<b>\$ 2,943,012</b>
<b>Cash and cash equivalents consists of the following:</b>		
Cash	\$ 3,045,590	\$ 2,517,188
Short term investments	460,428	425,824
	<b>\$ 3,506,018</b>	<b>\$ 2,943,012</b>

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

**1 INTRODUCTORY NOTES**

Margaret's Housing and Community Support Services Inc., formerly known as East Area Women's Mental Health of Toronto Inc. (the organization), is a registered charitable organization incorporated on September 06, 1984 under the federal laws of Canada as a not-for-profit organization without share capital. As a registered charity the organization is exempt from income taxes under Section 149 (1) (L) of the Income Tax Act (Canada).

The organization has been established to provide housing and support services for women with mental illness through innovative programming, advocacy and education.

**2 SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements of the organization have been prepared in accordance with the Canadian Accounting Standards for Not-For-Profit Organizations.

**(a) Use of Estimates**

When preparing financial statement in accordance with Accounting Standards for Not-For-Profit Organizations, management is required to make certain estimates and assumptions relating to the:

- Reported amounts of revenue and expenses for the year;
- Reported amounts of assets and liabilities;
- Disclosure of contingent assets and liabilities at the report date; and
- Government grants and partnership funding for comparative.

Assumptions are based on a number of factors, including historical experience, current events and actions that the organization may undertake in future, and other assumptions believed reasonable under the circumstances. These estimates are periodically reviewed and, accordingly, adjustments made to these estimates are taken into income in the year in which it is determined. These estimates are subject to measurement uncertainty, and actual results may therefore differ from those estimates. Estimates are used in determining prepaid and accrued expenses, valuation of contributed tangible capital assets and amounts due from government agencies.

(b) **Revenue Recognition**

The organization follows the deferral method of accounting for its various sources of revenue as follows:

**Contributions**

Externally restricted contributions, including grants and restricted donations are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions, including donations and fundraising revenue are recognized when received.

**Fees from residents**

Fees paid by residents for accommodation are recognized when services are performed.

**Investment Income**

Investment income is recognized net of expenses when earned and comprises of distributions from mutual funds including interest, capital gains and losses and other income from securities within the mutual funds.

**Contributed materials and services**

Contributed materials and services are not recognized in the financial statements.

(c) **Contributed capital assets**

Externally restricted contributed capital assets are recorded at fair market value at the date of the contribution. Amortization will be recognized after construction and renovation are completed and the assets are in use.

Government grants received are treated as a reduction of the cost of the related asset.

**3 CASH**

Cash includes Restricted capital fund of \$ 1,471,006 which is designated to be used for the renovation of the capital assets contributed by the City of Toronto.

**MARGARET'S HOUSING AND COMMUNITY SERVICES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**4 SHORT TERM INVESTMENTS - DESIGNATED NET ASSETS**

Marketable securities are mutual funds measured at fair market value and are composed of:

	2021	2020
Fixed Income funds	\$ 359,372	\$ 349,047
Equity funds	101,056	76,777
<b>Total</b>	<b>460,428</b>	<b>\$ 425,824</b>

The Board of Directors has established these investments as internally restricted reserve for strategic purposes and future sustainability.

**5 ACCOUNTS RECEIVABLE**

	2021	2020
Grants receivable	\$ 181,554	\$ 213,020
Rent and food receivable	12,456	8,207
Fundraising receivable - daily food bank	41,205	-
Miscellaneous receivables	81,754	428
<b>Total</b>	<b>\$ 316,969</b>	<b>\$ 221,655</b>

**6 PREPAID EXPENSES**

Prepaid expenses in the current year consist primarily of insurance and 2022 fundraising costs.

**MARGARET'S HOUSING AND COMMUNITY SERVICES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**7 RESTRICTED CAPITAL ASSETS**

	<b>2021</b>			<b>2020</b>
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net</b>	<b>Net</b>
Land	\$ 663,000	\$ -	\$ 663,000	\$ 663,000
Building	10,862,909	-	10,862,909	6,713,242
	<b>\$ 11,525,909</b>	<b>\$ -</b>	<b>\$ 11,525,909</b>	<b>\$ 7,376,242</b>

The organization received contributed tangible capital assets from the City of Toronto.

The assets were initially recognized at the fair market value and are reported net of grants plus construction and renovation costs incurred to date.

These are restricted assets designated by the City to provide affordable housing and are currently under construction and renovation.

Amortization will commence when the project is complete and in use.

**8 FORGIVABLE LOAN**

The organization has entered into an agreement with the City of Toronto to receive grants to finance the construction costs of the restricted net assets. A Grant of \$2.5 million is provided in installments by the City as a forgivable loan. The loan will be amortized at 1% annually until it is forgiven, commencing from the year construction and renovation is completed and occupancy begins. 50 % of the loan was received in the previous years, and 50% in the current year.

In the previous year an advance was provided from unrestricted funds to facilitate construction and renovation costs and was repaid in May 2020 when the balance of the grant was received.

Construction began in 2019 and is now approximately 62 % complete to date, occupancy is anticipated in the first quarter of fiscal 2023.

MARGARET'S HOUSING AND COMMUNITY SERVICES INC.  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

**9 MORTGAGE PAYABLE**

	2021	2020
CMHC mortgage advances, .94 % interest commencing at January 4, 2021. Secured by Restricted Capital Assets	\$ 3,800,561	\$ -
	3,800,561	-

CMHC has approved loans up to \$ 9,551,000, comprised of 3 separate loans.

- The first loan in the amount of \$5,250,000, interest at .94% commencing January 4, 2021 for a term of 10 years, the loan will repayable in monthly installments principle and interest, with the first payment being the month after the final advance and will be amortized over a period of 20 years.
- The second loan in the amount of \$ 3,551,000, interest at 1.17% commencing February 1, 2021 for a term of 10 years, the loan will repayable in monthly installments principle and interest, with the first payment being the month after the final advance and will be amortized over a period of 40 years.
- A forgivable loan in the amount of \$ 750,000, interest @ 0% for a term of 20 years, the forgivable loan is to be amortized proportionately over the term of the loan.

To the fiscal year end the organization received advances amounting to \$ 3,800,561 on the first loan.

The purpose of the loan is to finance construction of not less than 35 affordable rental housing units, along with ancillary facilities in Toronto.

**10 FINANCIAL INSTRUMENTS**

The Organization's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accruals. The fair value of the instruments approximate their carrying values, unless otherwise noted.

**MARGARET'S HOUSING AND COMMUNITY SERVICES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk arising from its grant receivable. These are from government sources and the organization works to ensure it meets all eligibility criteria in order to qualify to receive these grants.

**Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet a demand for cash or fund its obligations as they come due.

The organization meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations and anticipated financing activities and holding short term marketable securities that can be readily converted into cash. The organization further mitigates these risks by making adjustments to its budgeted expenditures in light of changes.

**11 DEFERRED CONTRIBUTIONS**

Deferred contributions are composed of the following:

	2021	2020
City of Toronto - Extreme cold weather alerts	\$ 349,318	\$ 349,318
City of Toronto - Respite	442,626	1,577,193
Donations - Winchester project	140,153	-
Other	1,575	-
	\$ 933,672	\$ 1,926,511

**MARGARET'S HOUSING AND COMMUNITY SERVICES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**12 CITY OF TORONTO GRANTS**

The organization received grants from the City of Toronto for various projects as follows:

	2021	2020
Respite	\$ 3,777,347	\$ 4,266,030
Drop In	510,576	275,000
Invest in the Neighbourhoods	9,258	64,333
Home for Good	86,840	80,130
Covid 19 Subsidies	288,879	-
Toronto Employment and Social Services	105,237	-
<b>Total</b>	<b>\$ 4,778,137</b>	<b>\$ 4,685,493</b>

**13 PARTNERSHIP FUNDING**

The organization is in partnership with various organizations in support of various programs as follows:

	2021	2020
MCSCS - Safer/Vital Communities	\$ -	\$ 33,129
BIA Safer Community	-	187,240
Miziwe Biik	-	10,237
<b>Total</b>	<b>\$ -</b>	<b>\$ 230,606</b>

**14 LEASE COMMITMENTS**

The organization rents office, program and residential spaces under long term leases in Toronto. Minimal annual lease payments over the terms of the leases are as follows:

2022	\$ 189,913
2023	\$ 194,989
2024	\$ 200,351
2025	\$ 206,015
2026	\$ 212,195



**15 ECONOMIC DEPENDENCE**

The organization is economically dependent on the grants it receives from the City of Toronto to finance various programs. The total amount of grants received from the City in 2020 is 72% of total revenue and 73% in 2020.

**16 CONTINGENCY**

The organization has entered into an agreement with the City of Toronto to receive funding to service an approved mortgage of \$5,250,000 which will be used to finance the renovation and construction costs of the contributed assets. The funds will be used towards the payments of the principal and interest of the mortgage as they become due and payable over a 10 year period.