

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

FINANCIAL STATEMENTS

MARCH 31, 2022

MARGARET'S HOUSING AND COMMUNITY SERVICES INC.

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1 - 3
Statement of Financial Position	4
Statement of Changes in Net Assets	6
Statement of Operations	7
Statement of Cash Flows	8
Notes to Financial Statements	9

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, 2022 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, 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 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 control as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Continued...



...Continued

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.

Continued...



...Continued

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.

TURNERMOORE LLP

June 28, 2022
Ajax, Ontario

Chartered Professional Accountants
Licensed Public Accountants



MARGARET'S HOUSING AND COMMUNITY SERVICES INC.
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022


	2022	2021
ASSETS		
Current assets		
Cash <i>(Note 3)</i>	\$ 2,917,741	\$ 3,045,590
Short term investments <i>(Note 4)</i>	449,493	460,428
Accounts receivable <i>(Note 5)</i>	60,746	316,969
HST Recoverable	339,008	189,838
Prepaid construction costs	114,404	107,552
Prepaid expenses <i>(Note 6)</i>	258,609	32,216
	4,140,001	4,152,593
Restricted Capital Assets <i>(Note 7)</i>	15,242,818	11,525,909
	\$19,382,819	\$15,678,502

The accompanying notes are an integral part of these financial statements

MARGARET'S HOUSING AND COMMUNITY SERVICES INC.
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022

	2022	2021
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,240,346	\$ 1,584,554
Payroll source deductions payable	1,726	553
Deferred contributions <i>(Note 11)</i>	745,356	933,672
	1,987,428	2,518,779
Forgivable loan - Restricted Capital Asset <i>(Note 8)</i>	2,500,000	2,500,000
Mortgage payable - Restricted Capital Asset <i>(Note 9)</i>	7,583,744	3,800,561
	12,071,172	8,819,340
NET ASSETS		
Designated Net Assets <i>(Note 4)</i>	449,493	460,428
Contributed Restricted Capital Assets	5,162,206	5,162,206
Unrestricted	1,699,948	1,236,528
	7,311,647	6,859,162
	\$19,382,819	\$15,678,502

Approved on behalf of the Board:

 Director

 Director

**MARGARET'S HOUSING AND COMMUNITY SERVICES INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2022**

	Unrestricted	Designated	2022	2021
BALANCE, BEGINNING OF THE YEAR	\$ 1,236,528	\$ 460,428	\$ 1,696,956	\$ 1,348,471
Excess receipts over expenditures for the year	245,657	-	245,657	348,485
Adjustment resulting from amalgamation of George Herman House	206,828	-	-	-
Allocation of investment Income	10,935	(10,935)	-	-
BALANCE, END OF YEAR	\$ 1,699,948	\$ 449,493	\$ 1,942,613	\$ 1,696,956

CONTRIBUTED RESTRICTED CAPITAL ASSETS

Capital assets, beginning of year	\$ 5,162,206	\$ 5,162,206
BALANCE, END OF YEAR	\$ 5,162,206	\$ 5,162,206

MARGARET'S HOUSING AND COMMUNITY SERVICES INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2022

	2022	2021
RECEIPTS		
City of Toronto <i>(Note 12)</i>	\$ 3,690,493	\$ 4,778,137
Ontario Health	1,019,021	1,068,902
Other Income	55,376	
St. Clare's Multi-Faith Housing	537,176	-
Service Canada	33,871	16,832
Family Service Toronto	135,618	145,669
Fees from residents	227,189	196,091
Donations and fundraising	164,875	321,699
Investment income	300	45,409
Fred Victor Mission	51,223	51,223
	5,915,142	6,623,962
EXPENDITURES		
Advertising and promotions	71,206	1,154
Donation and Fundraising expenses	16,496	9,751
Food program	624,035	343,321
Insurance	31,228	17,637
Occupancy costs	257,592	455,593
Office and general	219,236	181,995
Professional fees	22,940	50,429
Pledges written off	-	10,665
Program costs	508,420	544,957
Subcontract expenses	569,062	633,393
Training	17,885	113,135
Travel	24,111	14,403
Wages and benefits	3,307,274	3,899,044
	5,669,485	6,275,477
EXCESS OF RECEIPTS OVER EXPENDITURES	\$ 245,657	\$ 348,485

MARGARET'S HOUSING AND COMMUNITY SERVICES INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Receipts in excess of expenditures	\$ 245,657	\$ 348,485
Changes in non-cash working capital		
Accounts receivable	256,223	(95,314)
HST Recoverable	(149,170)	(98,237)
Prepaid expenses	(226,393)	(32,216)
Accounts payable and accrued liabilities	(344,208)	665,420
Payroll source deductions payable	1,173	(25,635)
Deferred contributions	(188,316)	(992,839)
Net cash provided by operations	(405,034)	(230,336)
INVESTING ACTIVITIES		
Acquisition of restricted capital assets	(3,716,909)	(4,149,667)
Short-term investments	10,935	(34,604)
Prepaid construction costs	(6,852)	(107,552)
Net cash used by investing activities	(3,712,826)	(4,291,823)
FINANCING ACTIVITIES		
George Herman House amalgamation	206,828	-
Proceeds from loans	3,783,183	5,050,561
Net cash used in financing activities	3,990,011	5,050,561
Net (decrease) increase in cash and cash equivalents	(138,784)	563,006
Cash and cash equivalents, beginning the year	3,506,018	2,943,012
Cash and cash equivalents, end the year	\$ 3,367,234	\$ 3,506,018
Cash and cash equivalents consists of the following:		
Cash	\$ 2,917,741	\$ 3,045,590
Short term investments	449,493	460,428
	\$ 3,367,234	\$ 3,506,018

The accompanying notes are an integral part of these financial statements

MARGARET'S HOUSING AND COMMUNITY SERVICES INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

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 individuals 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 \$ 1,111,860 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, 2022

4 SHORT TERM INVESTMENTS - DESIGNATED NET ASSETS

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

	2022	2021
Fixed Income funds	\$ 313,102	\$ 359,372
Equity funds	136,391	101,056
Total	\$ 449,493	\$ 460,428

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

5 ACCOUNTS RECEIVABLE

	2022	2021
Grants receivable	\$ 28,288	\$ 181,554
Rent and food receivable	12,017	12,456
Fundraising receivable - daily food bank	1,500	41,205
Miscellaneous receivables	18,941	81,754
Total	\$ 60,746	\$ 316,969

6 PREPAID EXPENSES

Prepaid expenses in the current year consist primarily of insurance, and deposits for construction costs and capital additions.

MARGARET'S HOUSING AND COMMUNITY SERVICES INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

7 RESTRICTED CAPITAL ASSETS

	2022			2021
	Cost	Accumulated Amortization	Net	Net
Land	\$ 663,000	\$ -	\$ 663,000	\$ 663,000
Building	14,579,818	-	14,579,818	10,862,909
	\$ 15,242,818	\$ -	\$ 15,242,818	\$ 11,525,909

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.

In the previous fiscal 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 95% complete to date. Occupancy is anticipated in the second quarter of fiscal 2023.

MARGARET'S HOUSING AND COMMUNITY SERVICES INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

9 MORTGAGE PAYABLE

	2022	2021
CMHC mortgage advances, 0.94 % interest commencing at January 4, 2021. Secured by Restricted Capital Assets.	\$ 5,190,254	\$ 3,000,516
CMHC mortgage advances, 1.17 % interest commencing at February 1, 2021. Secured by Restricted Capital Assets.	1,643,489	50,045
CMHC mortgage advances, 0% interest forgivable loan.	750,000	750,000
	\$ 7,583,743	\$ 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 after the final advance.

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, 2022

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:

	2022	2021
City of Toronto - Extreme cold weather alerts	\$ 349,318	\$ 349,318
City of Toronto - Other	55,364	442,626
Donations - Winchester project	140,153	140,153
Ministry of the Solicitor General	194,977	-
Other	5,544	1,575
	\$ 745,356	\$ 933,672

MARGARET'S HOUSING AND COMMUNITY SERVICES INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

12 CITY OF TORONTO GRANTS

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

	2022	2021
Respite	\$ 2,431,813	\$ 3,777,347
Drop In	913,615	510,576
Invest in the Neighbourhoods	19,585	9,258
Home for Good	86,840	86,840
Covid 19 Subsidies	105,983	288,879
Toronto Employment and Social Services	132,657	105,237
Total	\$ 3,690,493	\$ 4,778,137

13 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:

2023	\$ 215,289
2024	\$ 196,247
2025	\$ 188,864
2026	\$ 194,015
2027	\$ 202,735

14 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 2022 is 63% of total revenue (72% in 2021).

15 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.