

Financial Statements

Accommodation, Information and Support Inc.

Toronto, Ontario

March 31, 2018

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Independent Auditors' Report

To the Members of Accommodation, Information and Support Inc.:

We have audited the accompanying financial statements of Accommodation, Information and Support Inc., which comprise the statement of financial position as at March 31, 2018 and the statements of fund balances, operations 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 based on the financial reporting requirements of the Ministry of Health and Long-Term Care (MOHLTC) and the Toronto Central Local Health Integration Network (LHIN)

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 framework as required by the MOHLTC and LHIN, 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.

Auditors' 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 judgment, 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 Organization'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 Organization'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 the financial statements.

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

continued...

Independent Auditors' Report - continued

Basis of Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we are not able to determine whether any adjustments might be necessary to contributions, surplus, current assets and net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Accommodation, Information and Support Inc. as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with the financial reporting framework as required by the MOHLTC and LHIN.

Basis of Accounting and Restriction on 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 Accommodation, Information and Support Inc. in complying 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 the members of Accommodation, Information and Support Inc. and the MOHLTC and LHIN and should not be used by parties other than the specified users.

Toronto, Ontario
May 15, 2018



Chartered Professional Accountants, Licensed Public Accountants

Accommodation, Information and Support Inc.

March 31, 2018

Statement of Financial Position	2018	2017
Current Assets		
Cash, Note 3	\$ 538,564	\$ 424,370
Accounts receivable		
Residential tenants	5,590	2,937
Commercial tenants	65,550	0
HST	14,124	17,235
Miscellaneous	28,394	51,356
Prepaid expenses	63,201	73,651
Total Current	715,423	569,549
Capital Assets , Note 6	2,997,073	3,395,424
Reserve Funds , Note 3	643,149	623,036
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	4,355,645	4,588,009

Approved by The Board

Travis An

Director

Gordon Lee

Director

Accommodation, Information and Support Inc.

March 31, 2018

Statement of Financial Position	2018	2017
		Note 10
Current Liabilities		
Accounts payable and accrued liabilities	\$ 129,944	\$ 116,872
Due to MOHLTC, Note 4	44,693	30,144
Due to LHIN, Note 5	7,278	50,344
Current portion of mortgages payable, Note 7	113,218	110,938
Commercial tenants' deposits	73,133	21,336
	368,266	329,634
Mortgages Payable , Note 7	1,079,841	1,193,408
Deferred Contributions Related to Capital Assets , Note 8	1,804,014	2,091,077
	3,252,121	3,614,119
Net Assets , per statement		
<i>Restricted</i>		
Ministry capital reserve fund, Note 9	554,177	515,392
Bathurst commercial capital reserve fund, Note 9	26,244	19,594
Fundraising reserve fund, Note 9	62,728	88,050
<i>Unrestricted</i>		
Bathurst commercial operating fund	501,359	394,790
Operating fund	(40,984)	(43,936)
	1,103,524	973,890
	4,355,645	4,588,009

The notes on pages 11 through 18 form an integral part of these financial statements.

Accommodation, Information and Support Inc.

Year ended March 31, 2018

Statement of Fund Balances

	Ministry Capital Reserve Fund	Bathurst Commercial Capital Reserve Fund	Fundraising Reserve Fund	Bathurst Commercial Operating Fund	Operating Fund	Total 2018	Total 2017
Balance beginning	\$ 515,392	\$ 19,594	\$ 88,050	\$ 394,790	\$ (43,936)	\$ 973,890	\$ 876,849
Add (deduct)							
Surplus (deficit)	0	0	0	113,219	(24,782)	88,437	65,277
Reserve allocation	31,484	0	0	0	0	31,484	31,865
Ministry requested correction	(2,412)	0	0	0	2,412	0	0
LHIN funding for 2017 boilers	0	0	0	0	0	0	21,573
Investment income, Note 3	9,713	0	0	0	0	9,713	12,878
Ministry expenditures, Note 11	0	0	0	0	0	0	(12,979)
LHIN expenditures, Note 11	0	0	0	0	0	0	(21,573)
Interfund transfers, Note 9	0	6,650	(25,322)	(6,650)	25,322	0	0
Balance March 31	554,177	26,244	62,728	501,359	(40,984)	1,103,524	973,890

Accommodation, Information and Support Inc.

Year ended March 31, 2018

Statement of Operations

	Fundraising Activity	Bathurst St. Commercial	Health	Residential	Total 2018	Total 2017
Revenues						
Toronto Central LHIN	\$ 0	\$ 0	\$ 1,214,367	\$ 0	\$ 1,214,367	\$ 1,309,406
Ministry of Health and Long-Term Care	0	0	0	564,785	564,785	537,618
Rental income	0	151,352	0	316,829	468,181	437,426
Deferred funding	0	0	0	287,063	287,063	287,063
Operating cost-property tax recoveries	0	100,822	0	0	100,822	101,276
Donations, Note 14	13,110	0	0	0	13,110	21,748
Other income	0	13,831	0	1,033	14,864	46,097
Total Revenues	13,110	266,005	1,214,367	1,169,710	2,663,192	2,740,634
Expenses						
Administrative	262	7,459	71,076	50,926	129,723	117,537
Amortization - commercial properties	0	7,821	0	0	7,821	7,582
Amortization - funded properties	0	0	0	390,529	390,529	388,512
Client programs - support services	9,761	0	66,020	0	75,781	57,678
Fundraising costs	3,205	0	0	0	3,205	7,878
Housing expenditures	0	0	14,906	0	14,906	177,030
Insurance	0	2,224	6,610	15,816	24,650	23,917
Mortgage interest	0	9,393	0	12,975	22,368	24,922
Office rent	0	0	86,674	0	86,674	80,535
Property taxes	0	37,626	0	0	37,626	37,316
Repairs and maintenance	0	26,448	0	115,363	141,811	142,379
Reserve allocation	0	0	0	31,484	31,484	31,865
Residential rental payments	0	0	0	193,874	193,874	192,256
Utilities	0	41,435	0	110,368	151,803	146,861
Wages and benefits	25,204	11,395	966,261	56,959	1,059,819	1,024,776
Wages and benefits - property management	0	8,985	0	176,327	185,312	180,644
Total Expenses	38,432	152,786	1,211,547	1,154,621	2,557,386	2,641,688
Surplus (Deficit) Before Current and Prior Year's Subsidy Adjustments	(25,322)	113,219	2,820	15,089	105,806	98,946
Current year subsidy adjustment, Note 4	0	0	(2,820)	(14,549)	(17,369)	(32,664)
Surplus (Deficit) Before Prior Year's Subsidy Adjustment	(25,322)	113,219	0	540	88,437	66,282
Prior year's subsidy adjustment, Note 4	0	0	0	0	0	(1,005)
Surplus (Deficit)	(25,322)	113,219	0	540	88,437	65,277

Accommodation, Information and Support Inc.

Year ended March 31, 2018

Schedule of Residential Operations

	Mutual St.	Bathurst St. Residential	Lewis St. and Coxwell Ave. Portfolio	Rental Supplement/ Head Lease	2018 Total Residential
Revenues					
Ministry of Health and Long-Term Care	\$ 7,063	\$ 5,650	\$ 318,172	\$ 233,900	\$ 564,785
Rental income	116,083	97,250	94,290	9,206	316,829
Deferred funding	184,352	102,711	0	0	287,063
Other income	375	240	331	87	1,033
Total Revenues	307,873	205,851	412,793	243,193	1,169,710
Expenses					
Administrative	5,538	2,001	25,155	18,232	50,926
Amortization - funded properties	184,352	102,711	103,466	0	390,529
Insurance	4,448	2,224	9,144	0	15,816
Mortgage interest	0	0	12,975	0	12,975
Repairs and maintenance	12,591	15,864	57,053	29,855	115,363
Reserve allocation	7,062	5,650	18,772	0	31,484
Residential rental payments	0	0	0	193,874	193,874
Utilities	40,335	32,455	36,349	1,229	110,368
Wages and benefits	11,395	11,395	34,169	0	56,959
Wages and benefits - property management	41,947	33,485	100,895	0	176,327
Total Expenses	307,668	205,785	397,978	243,190	1,154,621
Surplus Before Current Year's Subsidy Adjustment	205	66	14,815	3	15,089
Current year subsidy adjustment, Note 4	0	0	(14,549)	0	(14,549)
Surplus	205	66	266	3	540

Accommodation, Information and Support Inc.

Year ended March 31, 2018

Statement of Cash Flows	2018	2017
Operating Activities		
Surplus	\$ 88,437	\$ 65,277
Non-cash items		
Amortization of deferred funding	(287,063)	(287,063)
Amortization	398,350	396,094
Reserve allocation	31,484	31,865
	231,208	206,173
Net change in non-cash working capital	4,673	68,281
<i>Cash Provided By Operating Activities</i>	235,881	274,454
Investing Activities		
Capital expenditures	0	(34,552)
Increase in investments and restricted cash	(20,113)	(22,268)
Investment income earned in reserves	9,713	12,878
	(10,400)	(43,942)
<i>Cash Used In Investing Activities</i>	(10,400)	(43,942)
Financing Activities		
Principal portion of mortgage payments	(111,287)	(109,032)
Increase in one time capital funding	0	21,573
	(111,287)	(87,459)
<i>Cash Used In Financing Activities</i>	(111,287)	(87,459)
Net cash increase during the year	114,194	143,053
Cash position beginning of year	424,370	281,317
<i>Cash Position End of Year</i>	538,564	424,370

Notes to Financial Statements

Status and Nature of Activities

Accommodation, Information and Support Inc. was incorporated as an organization without share capital on December 19, 1972. The Organization provides permanent housing and case management support services to individuals with long-term chronic mental health challenges, many of whom have experienced homelessness. The principal sources of funding are the Ontario Ministry of Health and Long-Term Care (MOHLTC) and the Toronto Central Local Health Integration Network (LHIN).

The Organization is a charitable organization within the meaning of the Income Tax Act. In addition, the organization is exempt from municipal property taxes on all of its properties, with the exception of the commercial portion of its mixed-use building located at 1072-1080 Bathurst Street.

Note 1 Significant Accounting Policies

Basis of Accounting

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the financial reporting framework prescribed by MOHLTC and LHIN. This framework requires the financial statements to be prepared in accordance with Canadian accounting standards for Not-for-Profit Organizations subject to the following significant exceptions:

- (a) amortization of capital assets for 58 Lewis Street, 123 Coxwell Avenue and the commercial portion of 1072 Bathurst Street includes amortization of land and is equal to the principal repaid on the mortgage rather than on the useful lives of the related assets;
- (b) capital expenditures may be charged to the capital reserve rather than capitalized and amortized over their estimated useful lives;
- (c) a reserve allocation is appropriated from operations;
- (d) investment income earned on the Ministry capital reserve fund is credited directly to the reserve rather than to operations.

Revenue Recognition

Rental charges and operating cost/property tax recoveries are recognized when due at the beginning of each month. Government subsidies are recognized using the deferral method of accounting for contributions.

Note 1 Significant Accounting Policies - continued

Investment income includes interest from cash and fixed income investments. Revenue is recognized on an accrual basis. Interest from fixed income investments is recognized over the term of these investments using the effective interest method.

Donations and other income are recognized as received.

Financial Instruments

(a) Measurement of Financial Instruments

The Organization initially measures its financial assets and financial liabilities at fair value.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, term deposits and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable, amounts due to tenants and long-term debt.

(b) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in surplus. The previously recognized impairment loss may be reversed to the extent of the improvement, 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 not been recognized previously. The amount of the reversal is recognized in income.

Note 1 Significant Accounting Policies - continued

Capital Assets

Capital assets are recorded at cost. The Organization uses the following rates and methods for calculating amortization:

1072 Bathurst Street residential portion	- straight-line basis over 20 years
49 Mutual Street	- straight-line basis over 20 years

Allocation of Expenses

The Organization provides permanent housing and case management support services to individuals with long-term chronic mental health challenges, many of whom have experienced homelessness. The cost of each component of the Organization's operations includes the cost of personnel and other expenditures that are directly related to providing services to clients. The Organization also incurs other expenditures that are common to the management and operations of the organization.

The Organization allocates property management, building and equipment, heating and plumbing, elevator, grounds and landscaping, security and monitoring, utilities and administrative costs incurred at 1072-1080 Bathurst Street specifically to the commercial portion of the building by identifying the appropriate basis for allocating each component expenditures. Common expenditures are allocated based on the square footage of the commercial space. If expenditures are specifically identified to have occurred from the commercial units, then 100% is allocated.

Use of Estimates

The preparation of financial statements requires the management to make assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Note 2 Financial Instruments

Risk Management Policy

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at March 31, 2018:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a loss.

The Organization is also subject to concentrations of credit risk through its accounts receivable. Rent is due on the first day of the month. Tenants receivable represent rent that are at least one month past due.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates. These fluctuations may be significant. The methods and assumptions management uses when assessing market risks have not changed substantially from the prior period and are summarized below:

Interest Rate Risk

The Organization manages its investments based on its cash flow needs and with a view to optimizing its investment income. The Organization has invested its excess cash in low risk interest bearing vehicles such as term deposits as the means for managing its interest rate risk.

The average interest rate earned on investments during the year was 1.0% (2017, 1.2%).

The mortgage bears a fixed interest rate.

Liquidity Risk

Liquidity risk is the risk that a Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and long-term debt. The Organization manages its liquidity risk by monitoring forecasted and actual cash flows and by term deposits.

Accommodation, Information and Support Inc.

March 31, 2018

Note 3 Cash, Investments and Reserve Funds

	2018	2017
Cash		
Operating current account	\$ 981,713	\$ 840,333
Temporary Investments		
Term deposits	200,000	0
Long-Term Investments		
Term deposits	0	207,073
	1,181,713	1,047,406
Composed of:		
Cash	538,564	424,370
Amount required to fund reserves - restricted	643,149	623,036
	1,181,713	1,047,406
Investment income includes:		
Interest	9,713	12,878
Allocated as follows:		
Capital reserve	9,713	12,878

Note 4 Due to MOHLTC

The Organization receives subsidies based on formulae contained in its agreement with MOHLTC. Subsidies are adjusted at year-end for variances between actual and estimated amounts. The difference is receivable from (or payable to) MOHLTC. The current year payable is subject to adjustment.

All fiscal years up to and including the period ended March 31, 2016 have been reconciled.

Note 5 Due to LHIN

The Organization receives subsidies based on formulae contained in its agreement with LHIN. Subsidies are adjusted at year-end for variances between actual and estimated amounts. The difference is receivable from (or payable to) LHIN. The current year payable is subject to adjustment.

All fiscal years up to and including the period ended March 31, 2016 have been reconciled.

Accommodation, Information and Support Inc.

March 31, 2018

Note 6 Capital Assets

			2018	2017
	Cost	Accumulated Amortization	Net Assets	Net Assets
58 Lewis Street	\$ 834,160	\$ (623,267)	\$ 210,893	\$ 258,003
123 Coxwell Avenue	1,425,741	(714,229)	711,512	767,868
1072 Bathurst Street	2,915,693	(2,131,492)	784,201	894,734
49 Mutual Street	3,687,048	(2,396,581)	1,290,467	1,474,819
	8,862,642	(5,865,569)	2,997,073	3,395,424

Note 7 Mortgages Payable

		2018	2017
(a) The mortgage on 58 Lewis Street bears interest at 1.865%, matures June 1, 2022 and is secured by the property with blended monthly payments of \$4,304	\$	210,893	\$ 258,003
(b) The mortgage on 123 Coxwell Avenue bears interest at 1.12%, matures February 1, 2020 and is secured by the property with blended monthly payments of \$5,388		711,512	767,868
(c) The mortgage for the commercial component of 1072 - 1080 Bathurst Street bears interest at 3.44%, matures October 5, 2020 and is secured by the property with blended monthly payments of \$1,434		270,654	278,475
		1,193,059	1,304,346
Less: current portion		(113,218)	(110,938)
		1,079,841	1,193,408

Principal payments due in the next five years are approximately as follows:

2019	\$	113,218
2020		115,002
2021		116,916
2022		118,788
2023		81,739

Accommodation, Information and Support Inc.

March 31, 2018

Note 8 **Deferred Contributions Related to Capital Assets**

	2018	2017
Mutual Street		
Balance, beginning of year	\$ 1,474,819	\$ 1,659,171
Amortization during the year	(184,352)	(184,352)
Balance, end of year	1,290,467	1,474,819
 Bathurst Street		
Balance, beginning of year	616,258	718,969
Amortization during the year	(102,711)	(102,711)
Balance, end of year	513,547	616,258
Total	1,804,014	2,091,077

Note 9 **Restrictions on Net Assets**

The Ministry capital reserve fund is externally restricted by the MOHLTC. These funds can only be used for capital expenditures approved by the MOHLTC.

The Bathurst commercial capital reserve fund is internally restricted by Board. These funds may only be used for capital expenditures approved by Board. During the year, the Board approved a transfer to the Bathurst commercial capital reserve fund from the Bathurst commercial operating fund in the amount of \$6,650.

The fundraising reserve fund is internally restricted by Board. These funds may only be used for fundraising projects approved by Board. During the year, the Board approved the transfer of the fundraising deficit from the operating fund in the amount of \$25,322.

The fundraising reserve consists of:

	2018	2017
Bathurst renovation project	\$ 58,946	\$ 82,710
Donations and grants	427	527
International Women's Day	1,130	324
Tenants wellness and trauma workshop	2,225	4,489
	62,728	88,050

Note 10 **Classification**

The prior year figures have been reclassified, where necessary, to conform to the current year's presentation. Surplus for the previous year is not affected by the reclassification.

Accommodation, Information and Support Inc.

March 31, 2018

Note 11 Reserve Expenditures

Ministry expenditures charged to the replacement reserve are as follows:

	2018	2017
Plumbing	\$ 0	\$ 9,871
Unit renovations	0	3,108
	<u>0</u>	<u>12,979</u>

LHIN expenditures charged to the capital reserve are as follows:

Coxwell boiler replacement	<u>0</u>	<u>21,573</u>
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Note 12 Line of Credit

The Organization has an available line of credit of up to \$300,000 at an interest rate of 5.2% secured by 49 Mutual Street. As at March 31, 2018 the line of credit drawn was \$NIL, (2017, \$NIL)

Note 13 Commitments

The Organization is committed under a non-cancelable operating lease agreement for rental of office space exclusive of occupancy costs, ending August 31, 2018. Future minimum annual payment requirements are as follows:

2019 \$ 16,882

Note 14 Donations

Donations are received for the following campaigns:

	2018	2017
Tenant Wellness Program	\$ 6,415	\$ 5,848
Bathurst Street capital repairs	2,642	9,200
Trauma Workshop	2,246	0
International Women's Day	1,807	1,700
Capacity Building Health	0	5,000
	<u>13,110</u>	<u>21,748</u>