

**PHSS SUPPORT SERVICES**

**Operating As**

**PHSS Medical & Complex Care in Community**

**Financial Statements**

**March 31, 2023**

# **PHSS SUPPORT SERVICES**

## **Financial Statements**

**For The Year Ended March 31, 2023**

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## **INDEPENDENT AUDITORS' REPORT**

To the Directors of **PHSS Support Services**:

### **Opinion**

We have audited the financial statements of **PHSS Support Services**, which comprise the statement of financial position as at March 31, 2023, and the statement of revenues and expenditures, schedule of operating and capital fund revenues and expenditures, statement of changes in net assets (liabilities) and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the organization's financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2023, and its financial performance 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 the organization 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 qualified 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 the organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.



**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**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. 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 organization'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 organization'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 organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and where 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.

St. Thomas, Ontario

June 27, 2023

*Graham Scott Enns LLP*  
CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

**PHSS SUPPORT SERVICES**

**Statement of Financial Position  
As at March 31, 2023**

	2023	2022
	<u>\$</u>	<u>\$</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	1,696,819	2,896,975
Accounts receivable	958,689	1,119,711
Government remittances receivable	195,971	153,801
Accounts receivable - MCCSS	11,952	5,983
Prepaid expenses	<u>110,650</u>	<u>95,863</u>
	2,974,081	4,272,333
<b>RESTRICTED CASH (NOTE 2)</b>	170,451	152,790
<b>TANGIBLE CAPITAL ASSETS (NOTE 3)</b>	<u>5,326,407</u>	<u>4,997,691</u>
<b>TOTAL ASSETS</b>	<u>8,470,939</u>	<u>9,422,814</u>
<b><u>LIABILITIES AND NET ASSETS (LIABILITIES)</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	2,234,199	3,293,884
Accounts payable - OH	434,157	481,707
Government remittances payable	282,521	242,469
Current portion of long-term debt (Note 7)	66,764	64,979
Deferred contributions (Note 5)	<u>251,634</u>	<u>400,040</u>
	3,269,275	4,483,079
<b>LONG-TERM DEBT (NOTE 7)</b>	1,757,331	1,428,343
<b>FORGIVABLE LOAN (NOTE 8)</b>	1,676,505	1,676,505
<b>DEFERRED CAPITAL CONTRIBUTIONS (NOTE 6)</b>	<u>2,459,346</u>	<u>2,024,559</u>
<b>TOTAL LIABILITIES</b>	<u>9,162,457</u>	<u>9,612,486</u>
<b>NET ASSETS (LIABILITIES)</b>		
Operating Fund - Unrestricted	377,933	323,616
Capital Fund - Internally Restricted	(1,239,902)	(666,078)
Capital Reserve Fund - Externally Restricted (Note 2)	73,652	70,220
Clarke Road Capital Reserve Fund - Externally Restricted (Note 2)	19,678	15,344
Clarke Road Contingency Fund - Internally Restricted (Note 2)	<u>77,121</u>	<u>67,226</u>
<b>TOTAL NET ASSETS (LIABILITIES)</b>	<u>(691,518)</u>	<u>(189,672)</u>
<b>TOTAL LIABILITIES AND NET ASSETS (LIABILITIES)</b>	<u>8,470,939</u>	<u>9,422,814</u>

Approved by the Board: Brian H. Orr  
Director

Cliff  
Director

## PHSS SUPPORT SERVICES

### Statement of Changes in Net Assets (Liabilities) For The Year Ended March 31, 2023

	Operating Fund \$	Capital Fund \$	Capital Reserve Fund \$	Clarke Road Capital Reserve Fund \$	Clarke Road Contingency Fund \$	<b>2023</b> \$	2022 \$
<b>NET ASSETS (LIABILITIES), BEGINNING OF YEAR</b>	323,616	(666,078)	70,220	15,344	67,226	<b>(189,672)</b>	(99,497)
Excess (deficiency) of revenues over expenditures	46,978	(573,824)	-	-	-	<b>(526,846)</b>	(90,175)
Interfund transfers (Note 11)	(17,661)	-	3,432	4,334	9,895	-	-
Donation of land	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>25,000</u></b>	<u>-</u>
<b>NET ASSETS (LIABILITIES), END OF YEAR</b>	<b><u>377,933</u></b>	<b><u>(1,239,902)</u></b>	<b><u>73,652</u></b>	<b><u>19,678</u></b>	<b><u>77,121</u></b>	<b><u>(691,518)</u></b>	<b><u>(189,672)</u></b>

See accompanying notes to the financial statements

## PHSS SUPPORT SERVICES

### Statement of Revenues and Expenditures For The Year Ended March 31, 2023

	Operating Fund (Page 6)	Capital Fund (Page 7)	Capital Reserve Fund	Clarke Road Capital Reserve Fund	Clarke Road Contingency Fund	2023	2022
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>REVENUES</b>							
Ministry contract revenue (Note 17)	30,340,509	-	-	-	-	<b>30,340,509</b>	27,049,264
Other grants and funding	3,180,192	-	-	-	-	<b>3,180,192</b>	3,374,730
Recoveries	746,648	-	-	-	-	<b>746,648</b>	708,318
Amortization of deferred capital contributions	-	723,050	-	-	-	<b>723,050</b>	779,161
Rent	112,119	-	-	-	-	<b>112,119</b>	110,752
Donations	76,201	-	-	-	-	<b>76,201</b>	-
Dedicated supportive housing	-	70,324	-	-	-	<b>70,324</b>	70,324
Rent recovery	-	14,472	-	-	-	<b>14,472</b>	14,472
	<u>34,455,669</u>	<u>807,846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>35,263,515</u></b>	<u>32,107,021</u>
<b>EXPENDITURES</b>							
Salaries, wages and benefits	29,837,751	-	-	-	-	<b>29,837,751</b>	27,136,451
Building occupancy	1,606,441	-	-	-	-	<b>1,606,441</b>	1,345,793
Purchased services	1,438,430	-	-	-	-	<b>1,438,430</b>	1,308,561
Amortization	-	1,292,819	-	-	-	<b>1,292,819</b>	941,568
Consumer supplies	588,957	3,270	-	-	-	<b>592,227</b>	774,330
Staff travel and vehicle costs	494,010	-	-	-	-	<b>494,010</b>	226,151
Office and other operating	231,743	52,342	-	-	-	<b>284,085</b>	234,585
Professional fees	71,835	-	-	-	-	<b>71,835</b>	67,750
Interest on long-term debt	29,612	33,239	-	-	-	<b>62,851</b>	48,193
Staff training	59,363	-	-	-	-	<b>59,363</b>	86,935
Repairs and maintenance	27,493	-	-	-	-	<b>27,493</b>	11,456
Utilities	16,033	-	-	-	-	<b>16,033</b>	12,182
Supplies	7,023	-	-	-	-	<b>7,023</b>	3,241
	<u>34,408,691</u>	<u>1,381,670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>35,790,361</u></b>	<u>32,197,196</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>46,978</u>	<u>(573,824)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>(526,846)</u></b>	<u>(90,175)</u>

See accompanying notes to the financial statements

## PHSS SUPPORT SERVICES

### Schedule of Operating Fund Revenues and Expenditures For The Year Ended March 31, 2023

	OH (Page 19) \$	MCCSS (Page 20) \$	Passport \$	Clarke Road \$	Other \$	2023 \$	2022 \$
<b>REVENUES</b>							
Ministry contract revenue (Note 17)	11,973,718	18,366,791	-	-	-	<b>30,340,509</b>	27,049,264
Other grants and funding	658,855	1,149,136	1,372,201	-	-	<b>3,180,192</b>	3,374,730
Recoveries	256,052	490,596	-	-	-	<b>746,648</b>	708,318
Rent	-	-	-	112,119	-	<b>112,119</b>	110,752
Donations	-	75,494	-	-	707	<b>76,201</b>	-
	<u>12,888,625</u>	<u>20,082,017</u>	<u>1,372,201</u>	<u>112,119</u>	<u>707</u>	<b><u>34,455,669</u></b>	<u>31,243,064</u>
<b>EXPENDITURES</b>							
Salaries, wages and benefits	11,115,859	17,417,724	1,304,168	-	-	<b>29,837,751</b>	27,136,451
Building occupancy	832,654	773,787	-	-	-	<b>1,606,441</b>	1,345,793
Purchased services	397,006	994,497	21,180	25,747	-	<b>1,438,430</b>	1,300,344
Consumer supplies	229,605	332,452	26,900	-	-	<b>588,957</b>	769,789
Staff travel and vehicle costs	194,355	295,240	4,143	272	-	<b>494,010</b>	226,151
Office and other operating	77,895	148,758	-	5,090	-	<b>231,743</b>	191,769
Professional fees	21,463	50,372	-	-	-	<b>71,835</b>	67,750
Staff training	19,788	39,575	-	-	-	<b>59,363</b>	86,935
Interest on long-term debt	-	29,612	-	-	-	<b>29,612</b>	14,259
Repairs and maintenance	-	-	12,535	14,958	-	<b>27,493</b>	11,456
Utilities	-	-	-	16,033	-	<b>16,033</b>	12,182
Supplies	-	-	3,275	3,041	707	<b>7,023</b>	3,241
	<u>12,888,625</u>	<u>20,082,017</u>	<u>1,372,201</u>	<u>65,141</u>	<u>707</u>	<b><u>34,408,691</u></b>	<u>31,166,120</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,978</u>	<u>-</u>	<b><u>46,978</u></b>	<u>76,944</u>

See accompanying notes to the financial statements



## PHSS SUPPORT SERVICES

### Schedule of Capital Fund Revenues and Expenditures For The Year Ended March 31, 2023

	Dedicated Supportive Housing \$	Clarke Road \$	Other \$	2023 \$	2022 \$
<b>REVENUES</b>					
Amortization of capital contributions	-	-	723,050	<b>723,050</b>	779,161
Dedicated supportive housing (Note 16)	70,324	-	-	<b>70,324</b>	70,324
Rent recovery	14,472	-	-	<b>14,472</b>	14,472
	<u>84,796</u>	<u>-</u>	<u>723,050</u>	<b><u>807,846</u></b>	<u>863,957</u>
<b>EXPENDITURES</b>					
Amortization	-	-	1,292,819	<b>1,292,819</b>	941,568
Office and other operating	52,342	-	-	<b>52,342</b>	42,816
Interest on long-term debt	490	32,749	-	<b>33,239</b>	33,934
Consumer supplies	3,270	-	-	<b>3,270</b>	4,541
Purchased services	-	-	-	<b>-</b>	8,217
	<u>56,102</u>	<u>32,749</u>	<u>1,292,819</u>	<b><u>1,381,670</u></b>	<u>1,031,076</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b><u>28,694</u></b>	<b><u>(32,749)</u></b>	<b><u>(569,769)</u></b>	<b><u>(573,824)</u></b>	<b><u>(167,119)</u></b>

See accompanying notes to the financial statements

# PHSS SUPPORT SERVICES

## Statement of Cash Flows For The Year Ended March 31, 2023

	2023	2022
	<u>\$</u>	<u>\$</u>
<b>CASH FLOW USED IN OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenditures	(526,846)	(90,175)
Adjustments for:		
Amortization of tangible capital assets	1,292,819	941,568
Amortization of deferred capital contributions	<u>(723,050)</u>	<u>(779,161)</u>
	42,923	72,232
Changes in non-cash working capital:		
Accounts receivable	155,053	(426,354)
Government remittances receivable	(42,170)	35,230
Prepaid expenses	(14,787)	(66,196)
Accounts payable and accrued liabilities	(1,107,235)	(261,123)
Government remittances payable	40,052	24,385
Deferred contributions	<u>(148,406)</u>	<u>139,503</u>
Change in non-cash working capital	<u>(1,117,493)</u>	<u>(554,555)</u>
	<u>(1,074,570)</u>	<u>(482,323)</u>
<b>CASH FLOW USED IN INVESTING ACTIVITIES</b>		
Additions to tangible capital assets	<u>(1,596,535)</u>	<u>(1,040,311)</u>
	<u>(1,596,535)</u>	<u>(1,040,311)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayments of long-term debt	(69,227)	(63,977)
Advances of long-term debt	400,000	-
Change in deferred capital contributions	<u>1,157,837</u>	<u>985,921</u>
	<u>1,488,610</u>	<u>921,944</u>
<b>NET CHANGE IN CASH</b>	<b>(1,182,495)</b>	<b>(600,690)</b>
<b>CASH, BEGINNING OF YEAR</b>	<u><b>3,049,765</b></u>	<u><b>3,650,455</b></u>
<b>CASH, END OF YEAR</b>	<u><u><b>1,867,270</b></u></u>	<u><u><b>3,049,765</b></u></u>
<b>CASH IS COMPRISED OF:</b>		
Cash	1,696,819	2,896,975
Capital Reserve Funds	93,330	85,564
Clarke Road Contingency Fund	<u>77,121</u>	<u>67,226</u>
	<u><u><b>1,867,270</b></u></u>	<u><u><b>3,049,765</b></u></u>

See accompanying notes to the financial statements

# PHSS SUPPORT SERVICES

## Notes to the Financial Statements For The Year Ended March 31, 2023

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### NATURE OF THE ORGANIZATION

PHSS Support Services, operating as PHSS Medical & Complex Care in Community (the "organization"), is committed to encouraging and creating an inclusive community in which individuals with developmental, medical, and/or complex physical needs have access and are included in a valued and meaningful way. The organization was incorporated under the Ontario Corporations Act without share capital. The organization is a registered charity and is exempt from income taxes under paragraph 149(1)(f) of the Income Tax Act of Canada. As a registered charity, the organization is able to issue donation receipts for income tax purposes. During the year, the organization changed its name from Participation House Support Services - London and Area to PHSS Support Services.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### Use of Estimates

The preparation of these 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to excess of revenues over expenditures as appropriate in the year they become known.

In particular, the organization uses estimates when accounting for certain items, including:

Asset impairments	Useful lives of tangible capital assets
Legal contingencies	Revenues

#### Fund Accounting

The organization uses fund accounting principles in order to ensure observance of the limitations and restrictions placed on the use of resources available to the organization. Under these principles, resources are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified by donors and other funders, or in accordance with the directives issued by the Board of Directors. Transfers between funds are made when it is considered appropriate and authorized by the Board of Directors. The organization uses the following fund groups:

#### *Operating Fund*

The Operating Fund reports unrestricted resources available for immediate purposes from the organization's general administrative and fundraising activities.

# PHSS SUPPORT SERVICES

## Notes to the Financial Statements For The Year Ended March 31, 2023

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Fund Accounting (Continued)

##### *Capital Fund*

The Capital Fund reports revenues which are designated by the funder or the Board of Directors for the purchase of tangible capital assets and the expenditures required to acquire those assets.

##### *Capital Reserve Fund*

The Capital Reserve Fund reports externally restricted dedicated supportive housing funding that has been set aside for future capital expenditures as per the agreement with the Ministry of Children, Community and Social Services.

##### *Clarke Road Capital Reserve*

Under the terms of the agreement with CMHC, a minimum of 4% of rental income is to be allocated to a reserve on an annual basis. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by the CMHC. The Clarke Road Capital Reserve Fund is funded by an annual interfund transfer from the Operating Fund.

##### *Clarke Road Contingency Fund*

The fund reports internally restricted funds transferred from the operating fund surpluses, which are generated by the operations and/or donations specific to Clarke Road operations. The funds are held in a separate bank account and can be used to fund Clarke Road operating deficits and/or expenditures as approved by the Board of Directors.

#### Cash

Cash consists of cash on hand and account balances with financial institutions.

#### Revenue Recognition

The organization follows the deferral method of accounting for contributions. Contributions that are restricted in their use are deferred and recognized as revenue in the period in which the related expenses are incurred. Contributions that are restricted for the purchase of tangible capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired tangible capital assets. Unrestricted contributions are recognized as revenue in the current year when persuasive evidence of an arrangement exists, the selling price is fixed or determinable, collection is reasonably assured and performance requirements are met. Revenue from rent is recognized at the beginning of each month and other recovery revenues when received.

# PHSS SUPPORT SERVICES

## Notes to the Financial Statements For The Year Ended March 31, 2023

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Tangible Capital Assets and Amortization

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. When an asset is sold or otherwise disposed of, the original cost and related accumulated amortization are removed from the accounts and the gain or loss is recognized in excess (deficiency) of revenues over expenditures. Amortization is calculated using the following annual rates:

Buildings	10 years straight-line
Residence renovations	4 years straight-line
Furniture and fixtures	4 years straight-line
Automobiles	30% declining balance
Leasehold improvements	5 years straight-line
Software	100% declining balance

#### Impairment of Long-Lived Assets

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

#### Contributed Services

The work of the organization is dependent on volunteers and on the services of members of the Board of Directors. As these services are not normally purchased and because of the difficulty in determining their fair value, donated services are not recognized in the financial statements.

#### Financial Instruments

##### *Measurement of financial instruments*

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash which is measured at fair value.

Financial assets measured at amortized cost include accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, forgivable loan and current and long-term debt.

# PHSS SUPPORT SERVICES

## Notes to the Financial Statements For The Year Ended March 31, 2023

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial Instruments (continued)

##### *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 excess (deficiency) of revenues over expenditures. 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 excess (deficiency) of revenues over expenditures.

### 2. RESTRICTED CASH

Restricted cash funds are set aside for tangible capital asset related expenditures in the Clarke Road Capital Reserve Fund and the Capital Reserve Fund. In addition, restricted cash funds are set aside in the Clarke Road Contingency Fund to fund Clarke Road operating deficits and/or expenditures as approved by the Board of Directors.

### 3. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2023	2022
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Land	1,526,575	-	<b>1,526,575</b>	1,501,575
Buildings	6,670,626	5,811,745	<b>858,881</b>	1,021,288
Residence renovations	2,007,196	1,116,057	<b>891,139</b>	426,703
Furniture and fixtures	922,874	697,174	<b>225,700</b>	267,579
Automobiles	2,239,145	1,711,974	<b>527,171</b>	721,704
Leasehold improvements	1,966,972	1,104,967	<b>862,005</b>	793,795
Software	<u>1,300,503</u>	<u>865,567</u>	<u><b>434,936</b></u>	<u>265,047</u>
	<u>16,633,891</u>	<u>11,307,484</u>	<u><b>5,326,407</b></u>	<u>4,997,691</u>

## PHSS SUPPORT SERVICES

### Notes to the Financial Statements For The Year Ended March 31, 2023

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#### 4. LINE OF CREDIT

The organization has an available \$300,000 line of credit at a rate of bank prime plus 0.50% (bank prime - 6.70% as of March 31, 2023). As at March 31, 2023, the organization had an outstanding balance of \$Nil (2022 - \$Nil). The line of credit is subject to a general security agreement supported by collateral mortgages for \$320,000 on two properties owned by the organization with a carrying value of \$181,252.

#### 5. DEFERRED CONTRIBUTIONS

During the year, the organization received externally restricted donations, grants and funding related to the current and future periods. These externally restricted contributions are recognized as revenue in the period that the contributions are restricted to be expended. Changes in deferred contributions during the year are as follows:

	2023	2022
	<u>\$</u>	<u>\$</u>
Balance, beginning of year	400,040	260,537
Add: Funding received in the year for expenses	76,957	209,503
Less: Amount recognized as revenue in the year	<u>(225,363)</u>	<u>(70,000)</u>
Balance, end of year	<u>251,634</u>	<u>400,040</u>

#### 6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent resources received in the current period or prior periods that are externally restricted for the purchase of tangible capital assets. Changes in the deferred capital contributions balance are as follows:

	2023	2022
	<u>\$</u>	<u>\$</u>
Balance, beginning of year	2,024,559	1,817,799
Add: Amount received related to future years	1,157,837	1,027,675
Less: Amount recognized as revenue in the year	<u>(723,050)</u>	<u>(820,915)</u>
Balance, end of year	<u>2,459,346</u>	<u>2,024,559</u>

## PHSS SUPPORT SERVICES

### Notes to the Financial Statements For The Year Ended March 31, 2023

#### 7. LONG-TERM DEBT

	<u>2023</u>	<u>2022</u>
	<u>\$</u>	<u>\$</u>
Mortgage payable at 0.83%, repayable in blended monthly instalments of \$811, matures September 2024, secured by building with a carrying amount of \$29,027	14,527	24,092
Mortgage payable at 0.83%, repayable in blended monthly instalments of \$811, matures September 2024, secured by building with a carrying amount of \$27,286	14,527	24,092
Mortgage payable at 0.83%, repayable in blended monthly instalments of \$811, matures September 2024, secured by building with a carrying amount of \$24,480	14,527	24,092
Term loan payable at 4.23%, repayable in blended monthly instalments of \$1,936, matures April 2024, secured by building with a carrying amount of \$1,016,450	323,668	332,314
Mortgage payable at 5.65%, repayable in blended monthly instalments of \$2,493, matures July 2027, secured by building with a carrying amount of \$1,016,450	395,085	-
Mortgage payable at 3.41%, repayable in blended monthly instalments of \$3,206, renewal date of July 2029, matures July 2039, secured by building with a carrying amount of \$860,533	803,719	814,777
Promissory note payable at 2.00%, repayable in blended monthly instalments of \$1,771, matures March 2038	<u>258,042</u>	<u>273,955</u>
	<b>1,824,095</b>	1,493,322
Less: Current portion	<u>(66,764)</u>	<u>(64,979)</u>
	<b><u>1,757,331</u></b>	<b><u>1,428,343</u></b>

The aggregate amount of principal payments required in each of the next five years and thereafter to meet retirement provisions is as follows:

	<u>\$</u>
2024	66,764
2025	372,531
2026	37,857
2027	39,124
2028	391,839
Thereafter	915,980



# PHSS SUPPORT SERVICES

## Notes to the Financial Statements For The Year Ended March 31, 2023

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### 8. FORGIVABLE LOAN

In 2018, a forgivable loan agreement was granted by the Corporation of the City of London (the "City") with regards to the purchase of the Clarke Road property included in Tangible Capital Assets with a carrying value of \$860,533 (2022 - \$979,215). The forgivable loan totaled \$1,676,505 and requires that the organization operate fourteen affordable rental housing units until November 30, 2067. The loan amount will be fully forgiven on the last day of the end of the forgivable loan term, provided that the organization fulfils all the requirements of the loan agreement. The loan bears interest at 8% per annum, however the City has agreed to forgive the interest payable on an annual basis subject to the organization meeting the requirements of the loan agreement. As at March 31, 2023, the organization fulfilled its requirements in accordance with the loan agreement.

### 9. COMMITMENTS

The organization has lease agreements for the rental of buildings. The aggregate minimum payments are as follows:

	<u>\$</u>
2024	504,120
2025	439,762
2026	433,972
2027	350,574
2028	285,975

### 10. CONTINGENT LIABILITIES

As at March 31, 2023, the organization was subject to potential contingent liabilities for legal claims relating to employment matters. An estimate of the amounts of the contingent liabilities cannot be made as of the date of the financial statements.

### 11. INTERFUND TRANSFER

During the year, Board of Directors authorized a transfer of \$17,661 (2022 - \$38,276) from the Operating Fund, of which \$4,334 (2022 - \$4,334) was transferred to the Clarke Road Capital Reserve Fund and \$3,432 (2022 - \$3,432) was transferred to the Capital Reserve Fund. These interfund transfers represent an annual allocation required under the terms of the agreements with CMHC and MCCSS respectively, to provide for future tangible capital asset related expenditures. The final transfer of \$9,895 (2022 - \$30,510) was transferred to the Clarke Road Contingency Fund, as part of an internal restriction to provide for future deficits or expenses as approved by the Board of Directors.

## PHSS SUPPORT SERVICES

### Notes to the Financial Statements For The Year Ended March 31, 2023

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#### 12. GUARANTEE

The organization is a guarantor of a term facility payable and three mortgages payable to financial institutions by PHSS Foundation.

The initial proceeds of the term facility payable were \$760,000 and the term facility is due January 2024. In the event that PHSS Foundation should default on the term facility payable or if the term facility payable is demanded by the financial institution at any time, the organization is liable to repay the remaining unpaid term facility payable amount plus all costs and interest accrued on any unpaid amounts. As at March 31, 2023, the term facility payable was \$410,388 (2022 - \$439,937). The term facility is secured by land and building owned by PHSS Foundation with a carrying value of \$494,029 (2022 - \$524,733).

The initial proceeds of the mortgage payable were \$1,038,220 and the mortgage is renewable in February 2026. In the event that PHSS Foundation should default on the mortgage payable or if the mortgage payable is demanded by the financial institution at any time, the organization is liable to repay the remaining unpaid mortgage payable amount plus all costs and interest accrued on any unpaid amounts. As at March 31, 2023, the mortgage payable was \$914,759 (2022 - \$972,914). The mortgage is secured by land and building owned by PHSS Foundation with a carrying value of \$1,024,573 (2022 - \$1,098,414).

The initial proceeds of the mortgage payable were \$408,000 and the mortgage is renewable in December 2025. In the event that PHSS Foundation should default on the mortgage payable or if the mortgage payable is demanded by the financial institution at any time, the organization is liable to repay the remaining unpaid mortgage payable amount plus all costs and interest accrued on any unpaid amounts. As at March 31, 2023, the mortgage payable was \$379,700 (2022 - \$392,474). The mortgage is secured by land and building owned by PHSS Foundation with a carrying value of \$479,844 (2022 - \$501,049).

The initial proceeds of the mortgage payable were \$522,000 and the mortgage is renewable in February 2026. In the event that PHSS Foundation should default on the mortgage payable or if the mortgage payable is demanded by the financial institution at any time, the organization is liable to repay the remaining unpaid mortgage payable amount plus all costs and interest accrued on any unpaid amounts. As at March 31, 2023, the mortgage payable was \$479,870 (2022 - \$500,346). The mortgage is secured by land and building owned by PHSS Foundation with a carrying value of \$628,242 (2022 - \$651,158).

#### 13. SERVICE CONTRACT/CFSA APPROVAL WITH MINISTRY OF CHILDREN, COMMUNITY AND SOCIAL SERVICES AND WITH ONTARIO HEALTH

The organization has service contracts with the MCCSS and OH. These contracts require that any unspent funds relating to a funding year are repayable to the MCCSS or OH.

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## **PHSS SUPPORT SERVICES**

### **Notes to the Financial Statements For The Year Ended March 31, 2023**

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#### **14. ECONOMIC DEPENDENCE**

The organization receives the majority of its' revenue from four specific sources: the Ministry of Children, Community and Social Services (MCCSS) East Region (East) and MCCSS West Region (West), and the Ministry of Health Long-Term Care through Ontario Health West (OH West) and Ontario Health East (OH East) (formerly the South West Local Health Integration Network and the Champlain Local Health Integration Network). The organization would not be able to operate at the current level without these funds.

#### **15. ADMINISTRATION OF FUNDS**

The organization provides a service for some consumers whereby it assists them with their finances. As part of this service, funds are received directly by the organization and in turn, are dispersed to cover the personal needs of the consumer as required. These funds have not been presented on the financial statements, as they do not represent assets, revenues or expenses of the organization.

#### **16. DEDICATED SUPPORTIVE HOUSING**

The MCCSS, in conjunction with the Ministry of Municipal Affairs and Housing, have provided specific funding for the operating and mortgage costs of the following three homes owned by the organization: Hunter Woods Crescent, Riverside Drive and Fanshawe Park Road East.

#### **17. MINISTRY CONTRACT REVENUE**

The organization received one time funding to fund provincially approved pay increases during the COVID-19 pandemic. During the year, the temporary wage enhancement became a permanent wage enhancement. The organization received \$3,828,776 for a permanent wage enhancement (2022 - \$1,790,677 pandemic pay and \$1,083,854 for a temporary wage enhancement). The total of these amounts was included in the statement of operations in ministry contract revenue. Amounts received were expended in full in accordance with Province of Ontario directives.

# PHSS SUPPORT SERVICES

## Notes to the Financial Statements For The Year Ended March 31, 2023

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### 18. FINANCIAL INSTRUMENTS

#### Risks and Concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the Statement of Financial Position date.

#### Liquidity Risk

Liquidity risk is the risk that an 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 accrued liabilities, forgivable loan, and current and long-term debt. It is management's opinion that the organization has no significant exposure to liquidity risk.

#### 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's credit risk relates to its accounts receivable.

The majority of the organization's accounts receivable are due from the various Ministries and other funding sources. It is management's opinion that the organization has no significant exposure to credit risk.

#### Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the organization to a fair value risk while floating-rate instruments subject it to a cash flow risk. The majority of the organization's long-term debt bears interest at a fixed rate. It is management's opinion that the organization has no significant exposure to interest rate risk.

It is management's opinion that the entity is not exposed to any significant currency or other price risk.

No financial liabilities of the organization were in default during the period.

The organization was not subject to any covenants during the period.

There have been no changes to the assessed levels of these risks in the year.

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## PHSS SUPPORT SERVICES

### Ontario Health (OH) Schedule of Operating Fund Revenues and Expenditures For The Year Ended March 31, 2023

	East	West	2023	2022
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>REVENUES</b>				
Ontario Health (OH) (Note 17)	1,394,329	10,579,389	<b>11,973,718</b>	10,421,704
Other grants and funding	-	658,855	<b>658,855</b>	406,271
Recoveries	<u>25,693</u>	<u>230,359</u>	<b><u>256,052</u></b>	<u>239,449</u>
	<u>1,420,022</u>	<u>11,468,603</u>	<b><u>12,888,625</u></b>	<u>11,067,424</u>
<b>EXPENDITURES</b>				
Salaries, wages and benefits	1,249,467	9,866,392	<b>11,115,859</b>	9,500,224
Building occupancy	95,436	737,218	<b>832,654</b>	731,194
Purchased services	(921)	397,927	<b>397,006</b>	351,402
Consumer supplies	23,701	205,904	<b>229,605</b>	290,824
Staff travel and vehicle costs	50,664	143,691	<b>194,355</b>	80,301
Office and other operating	669	77,226	<b>77,895</b>	64,160
Professional fees	-	21,463	<b>21,463</b>	20,325
Staff training	<u>1,006</u>	<u>18,782</u>	<b><u>19,788</u></b>	<u>28,994</u>
	<u>1,420,022</u>	<u>11,468,603</u>	<b><u>12,888,625</u></b>	<u>11,067,424</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

## PHSS SUPPORT SERVICES

### Ministry of Children, Community and Social Services (MCCSS) Schedule of Operating Fund Revenues and Expenditures For The Year Ended March 31, 2023

	East \$	West \$	2023 \$	2022 \$
<b>REVENUES</b>				
Ministry of Children, Community and Social Services (MCCSS) (Note 17)	652,185	17,714,606	<b>18,366,791</b>	16,627,560
Other grants and funding	9,581	1,139,555	<b>1,149,136</b>	1,847,563
Recoveries	17,025	473,571	<b>490,596</b>	468,869
Donations	<u>75,494</u>	<u>-</u>	<b><u>75,494</u></b>	<u>-</u>
	<u>754,285</u>	<u>19,327,732</u>	<b><u>20,082,017</u></b>	<u>18,943,992</u>
<b>EXPENDITURES</b>				
Salaries, wages and benefits	672,149	16,745,575	<b>17,417,724</b>	16,608,601
Purchased services	13,158	981,339	<b>994,497</b>	879,336
Building occupancy	35,683	738,104	<b>773,787</b>	614,599
Consumer supplies	1,608	330,844	<b>332,452</b>	459,557
Staff travel and vehicles costs	520	294,720	<b>295,240</b>	130,387
Office and other operating	1,035	147,723	<b>148,758</b>	122,918
Professional fees	-	50,372	<b>50,372</b>	47,425
Staff training	520	39,055	<b>39,575</b>	57,941
Interest on long-term debt	<u>29,612</u>	<u>-</u>	<b><u>29,612</u></b>	<u>14,259</u>
	<u>754,285</u>	<u>19,327,732</u>	<b><u>20,082,017</u></b>	<u>18,935,023</u>
<b>EXCESS OF REVENUES OVER</b>				
<b>EXPENDITURES BEFORE MINISTRY ADJUSTMENTS</b>	-	-	-	8,969
DSH infrastructure funding in excess of capital purchases	-	28,694	<b>28,694</b>	28,419
Principal repayments on long-term debt	<u>-</u>	<u>(28,694)</u>	<b><u>(28,694)</u></b>	<u>(37,388)</u>
<b>EXCESS OF REVENUES OVER</b>				
<b>EXPENDITURES AFTER MINISTRY ADJUSTMENTS</b>	<u>-</u>	<u>-</u>	<b><u>-</u></b>	<u>-</u>