

PARTICIPATION HOUSE BRANTFORD

FINANCIAL STATEMENTS

For the year ended March 31, 2018

PARTICIPATION HOUSE BRANTFORD

For the year ended March 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Participation House Brantford

We have audited the accompanying financial statements of Participation House Brantford which comprise the statement of financial position as at March 31, 2018, the statements of operations (subsidized and non-subsidized programs), changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's 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 entity'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 entity'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.

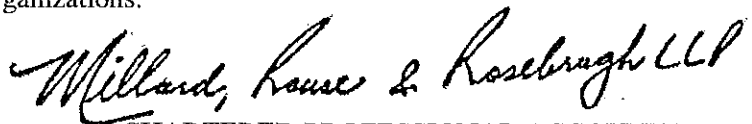
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many non-profit organizations, Participation House Brantford derives part of its revenue from the general public in the form of donations and fund raising functions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenues was limited to the amounts recorded in the records of the Organization. Therefore we were not able to determine whether any adjustments might be necessary to assets and net assets as at March 31, 2018 and to revenue, excess of revenue over expenses and cash flows from operations for the year then ended. Our opinion on the financial statements for the year ended March 31, 2017 was also modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Participation House Brantford as at March 31, 2018 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.



CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

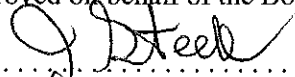
June 11, 2018
Brantford, Ontario

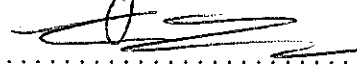
PARTICIPATION HOUSE BRANTFORD

STATEMENT OF FINANCIAL POSITION

As At March 31	2018	2017
ASSETS		
Current Assets		
Cash and bank	558,305	665,711
Unrestricted short term investments (Note 4)	121,770	123,079
Residents' funds	47,956	60,481
Accounts receivable	54,009	35,977
HST recoverable	39,792	84,797
Prepaid expenses	15,179	4,108
	837,011	974,153
Restricted Assets		
Restricted lottery funds (Note 3)	33,294	26,239
	870,305	1,000,392
Restricted Short Term Investments (Note 4)	96,497	91,647
Capital Assets (Note 5)	443,587	482,280
	1,410,389	1,574,319
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	368,437	451,930
Government payables	94,269	111,825
Residents' funds	47,956	60,481
Current portion of long term liabilities (Note 6)	27,073	28,059
	537,735	652,295
Deferred Contributions (Note 10)	341,189	363,713
Long Term Liabilities (Note 6)	310,048	335,271
	1,188,972	1,351,279
NET ASSETS (Page 5)		
Externally Restricted (Note 7)	96,497	91,647
Unrestricted	124,920	131,393
	221,417	223,040
	1,410,389	1,574,319

Approved on behalf of the Board of Directors

 Director

 Director

PARTICIPATION HOUSE BRANTFORD

STATEMENT OF OPERATIONS - SUBSIDIZED PROGRAMS

For the year ended March 31	2018	2017
Revenue		
Expenditure recoveries	19,772	8,000
Provincial subsidy	4,996,842	4,918,001
	5,016,614	4,926,001
Expenditures		
Advertising	2,583	3,389
Benefits	564,342	615,674
Building, grounds and maintenance	10,499	2,650
Communications	20,734	19,355
Contracted services	245,204	259,351
Insurance	15,927	17,240
Mortgage interest	5,848	10,428
Professional fees	74,224	54,293
Rent	42,946	41,930
Replacements	2,876	2,316
Salaries	3,755,276	3,638,237
Staff training	22,913	28,422
Staff travel	110,336	111,266
Supplies	77,243	69,385
Transportation	24,300	18,597
Utilities	41,363	33,468
	5,016,614	4,926,001
Excess of Revenue over Expenditures from Operations	-	-

PARTICIPATION HOUSE BRANTFORD

STATEMENT OF OPERATIONS - NON-SUBSIDIZED PROGRAMS

For the year ended March 31	2018	2017
Revenue		
HNHB LHIN recoveries	92,991	102,491
Deferred contribution recognition	56,287	68,225
Donations	29,514	21,319
Expenditure recoveries	188,340	124,727
MOHLTC rent supplement	19,693	-
Fundraising	58,285	59,845
Interest	11,363	6,126
Resident rent	384,587	400,528
SEED Grant	11,970	22,872
	853,030	806,133
Expenditures		
Amortization	125,028	114,853
Benefits	12,995	15,302
HNHB LHIN expense	47,899	49,510
Cable	6,384	6,524
Communications	765	728
Food costs	188,815	207,672
Fundraising	15,450	18,256
Insurance	6,754	7,351
Mortgage interest	6,594	16,531
Rent	64,813	66,541
Rental of equipment	11,945	13,675
Repairs and maintenance	43,887	69,080
Replacements	18,617	7,597
Salaries	105,214	60,275
Staff travel	-	308
Supplies	133,947	165,374
Utilities	65,546	60,051
	854,653	879,628
Excess of Expenditures over Revenue from Operations	(1,623)	(73,495)

See accompanying notes

PARTICIPATION HOUSE BRANTFORD

STATEMENT OF CASH FLOWS

For the year ended March 31	2018	2017
Cash Flows From Operating Activities		
Excess of Expenditures over Revenue - Non-Subsidized Programs	(1,623)	(73,495)
Charges (credits) to income not involving cash Amortization	125,028	114,853
	123,405	41,358
Net change in non-cash working capital balances related to operations	(85,146)	(38,858)
	38,259	2,500
Cash Flows Used In Financing Activities		
Change in long term liabilities	(26,209)	24,072
Cash Flows Used In Investing Activities		
Additions to capital assets	(86,336)	(61,959)
Increase in investments	(3,541)	(1,759)
Increase in deferred contributions	33,763	97,380
Amortization of deferred contributions	(56,287)	(66,612)
	(112,401)	(32,950)
Net Decrease in Cash and Cash Equivalents	(100,351)	(6,378)
Opening Cash and Cash Equivalents	691,950	698,328
Closing Cash and Cash Equivalents	591,599	691,950
Cash and Cash Equivalents consist of:		
Cash and bank	558,305	665,711
Restricted lottery funds	33,294	26,239
	591,599	691,950

See accompanying notes

PARTICIPATION HOUSE BRANTFORD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

1. PURPOSE OF THE ORGANIZATION

Participation House Brantford provides services to adults with physical disabilities and complex needs in Brantford and Brant County. The organization was incorporated without share capital by letters patent, under the Corporations Act (Ontario) and is a registered charity under the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) 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 income as appropriate in the year they become known.

(b) Revenue Recognition

The organization follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expense is incurred. Restricted contributions for the purchase of capital assets are deferred and recognized as revenue at the same rate as the capital asset is amortized. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can reasonably be estimated and collection is reasonably assured. Restricted investment income is recognized as revenue of the related restricted fund when earned. Unrestricted investment income is recognized as revenue when earned.

Net investment income that is not externally restricted is recognized as it is earned in the statement of operations under the unrestricted fund. Other externally restricted net investment income is recognized in the statement of operations under the restricted fund.

(c) Capital Assets

Capital assets are recorded at cost. Amortization is provided as follows:

Building	40 year straight-line
Vehicles	7 year straight-line
Leasehold Improvements	10 year straight line
Equipment	5-10 year straight line

PARTICIPATION HOUSE BRANTFORD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Contributed Services

Volunteers contribute approximately 5,800 hours per year to assist Participation House Brantford in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(e) Financial Instruments

All financial instruments are initially recorded on the statement of financial position at fair value. Investments in equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are measured at amortized cost.

(f) Allocation of Expenses

Participation House Brantford engages in providing services to adults with physical disabilities and complex needs. The cost of each program include personnel, premises and other expenses that are directly related to providing the program. Program revenues and expenses are split into subsidized and non-subsidized based on the LHIN and government funding agreements and the expenses they cover. Participation House Brantford also incurs a number of general support expenses that are common to the administration of the organization and each of its programs.

Participation House Brantford allocates its administration costs proportionately based on the total revenue of each program.

3. RESTRICTED LOTTERY FUNDS

The organization holds a lottery license to raise funds that will be used strictly for renovations at Bell Lane.

PARTICIPATION HOUSE BRANTFORD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

4. SHORT-TERM INVESTMENTS	2018	2017
GIC		
GIC investments with interest rates varying from 1.66% to 1.78%, interest compounded annually, due at varying dates	163,450	160,453
Cash	50,001	50,208
Equity		
Royal Bank Money Market Fund	4,816	4,065
	218,267	214,726
Unrestricted short term investments	121,770	123,079
Restricted short term investments (Note 7)	96,497	91,647
	218,267	214,726

5. CAPITAL ASSETS	Cost	Additions/ (Dispositions)	Total Cost	Accumulated Amortization	2018	2017
Building	1,912,105	64,824	1,976,929	1,647,549	329,380	361,996
Vehicles	86,062	-	86,062	-	86,062	86,062
Equipment	184,279	21,512	205,791	192,133	13,658	15,596
Leaseholds	41,391	-	41,391	26,904	14,487	18,626
	2,223,837	86,336	2,310,173	1,866,586	443,587	482,280

PARTICIPATION HOUSE BRANTFORD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

6. LONG TERM LIABILITIES	2018	2017
3.35% mortgage payable, due December 2028, repayable in monthly installments of \$3,124 on account of principal and interest.	337,121	343,471
3.35% term loan, due October 2028, repayable in monthly installments of \$171 on account of principal and interest	-	19,859
	337,121	363,330
Less: current portion	27,073	28,059
	310,048	335,271

The mortgage payable is secured by the organization's building. Annual principal repayment requirements on long term liabilities over the next 5 years are as follows:

2019 - 27,073 2020 - 27,981 2021 - 28,919 2022 - 28,891 2023 - 30,891

7. EXTERNALLY RESTRICTED NET ASSETS

Externally restricted net assets represent funds which have been set aside as a replacement reserve as required by Canada Mortgage and Housing Corporation and the Ministry of Health and Long Term Care.

8. PUBLIC SECTOR SALARY DISCLOSURE ACT

For the year ended March 31, 2018, no employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1989, of \$100,000 or more by Participation House Brantford.

9. COMMITMENTS

Participation House Brantford has committed to a lease for the land with the City of Brantford for \$1 per year until 2031.

PARTICIPATION HOUSE BRANTFORD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

10. DEFERRED CONTRIBUTIONS

	Deferred Contributions Related to Capital Assets	Provincial Capital Grant	2018	2017
Balance - beginning of year	232,931	130,782	363,713	332,945
Additional contributions received	-	33,763	33,763	97,380
Less: amounts amortized to revenue	(39,893)	(16,394)	(56,287)	(66,612)
	193,038	148,151	341,189	363,713

Deferred contributions related to capital assets represents funds received from various sources to assist with the purchase of capital assets.

The revenue is being recognized over the life of the assets purchased.

11. FINANCIAL INSTRUMENTS

The organization has identified the following financial risks:

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 in the event of non-performance by counterparties in connection with its accounts receivables. The organization does not obtain collateral or other security to support the accounts receivables subject to credit risk but mitigates this risk by dealing only with what management believes to be financial sound counterparties and accordingly, does not anticipate significant loss from non-performance.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization's exposure to interest rate risk relates to its long term debt and short term investments.

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due. Trade accounts payable and accrued liabilities are generally paid within 30 days.

Market Risk

The organization holds investments that may be subject to fluctuations in market value. The organization considers its investments to be conservative with low market risk.

12. COMPARATIVE FIGURES

Certain of the prior year's figures, provided for purposes of comparison, have been reclassified to conform to the financial statement presentation adopted in the current year.

PARTICIPATION HOUSE BRANTFORD

SCHEDULE OF OPERATIONS SUBSIDIZED PROGRAMS - SUPPORTIVE HOUSING

For the year ended March 31	2018	2017
Revenue		
Expenditure recoveries	19,772	8,000
Provincial subsidy	3,695,780	3,650,572
	3,715,552	3,658,572
Expenditures		
Advertising	2,583	3,389
Benefits	435,077	467,440
Building, grounds and maintenance	10,499	2,650
Communication	19,256	17,153
Contracted services	6,614	12,863
Insurance	15,927	17,240
Mortgage interest	5,848	10,428
Professional fees	74,224	54,293
Rent	42,946	41,930
Replacements	2,876	2,316
Salaries	2,900,053	2,850,334
Staff training	21,075	27,727
Staff travel	33,443	31,085
Supplies	79,468	67,659
Transportation	24,300	18,597
Utilities	41,363	33,468
	3,715,552	3,658,572
Excess of Revenue over Expenditures from Operations	-	-

PARTICIPATION HOUSE BRANTFORD

SCHEDULE OF OPERATIONS SUBSIDIZED PROGRAMS - ATTENDANT OUTREACH

For the year ended March 31	2018	2017
Revenue		
Provincial subsidy	1,301,062	1,267,429
Expenditures		
Benefits	129,265	148,234
Communications	1,478	2,202
Contracted services	238,590	246,488
Salaries	855,223	787,903
Staff training	1,838	695
Staff travel	76,893	80,181
Supplies	(2,225)	1,726
	1,301,062	1,267,429
Excess of Revenue over Expenditures from Operations	-	-