

**PROGRESS PLACE REHABILITATION CENTRE
(METROPOLITAN TORONTO) INC.**

Financial Statements

March 31, 2025

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

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Year Ended March 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Members of Progress Place Rehabilitation Centre (Metropolitan Toronto) Inc.

Opinion

We have audited the financial statements of Progress Place Rehabilitation Centre (Metropolitan Toronto) Inc. ("Progress Place"), which comprise the statement of financial position as at March 31, 2025, the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Progress Place as at March 31, 2025, 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 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 Progress Place 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 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 Progress Place'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 Progress Place or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Progress Place's financial reporting process.

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.

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Independent Auditor's Report to the Members of Progress Place Rehabilitation Centre (Metropolitan Toronto) Inc.
(continued)

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 Progress Place'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 Progress Place'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 Progress Place to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether 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.

Hogg, Shain & Scheck PC

Toronto, Ontario
June 17, 2025

Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Statement of Financial Position

As at March 31, 2025

	2025	2024
ASSETS		
CURRENT		
Cash	\$ 244,626	\$ 231,165
Short-term investments (Note 3)	310,132	600,000
Harmonized Sales Tax recoverable	61,785	47,840
Accounts receivable (Note 12)	309,762	210,425
Prepaid expenses	171,889	132,701
	1,098,194	1,222,131
LONG TERM INVESTMENTS (Notes 3 and 8)	831,070	473,387
CAPITAL ASSETS (Note 4)	1,141,842	1,179,048
	\$ 3,071,106	\$ 2,874,566
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 313,384	\$ 260,237
Deferred revenues (Note 6)	424,603	340,919
	737,987	601,156
DEFERRED CONTRIBUTIONS FOR CAPITAL ASSET PURCHASES (Note 7)	1,141,842	1,179,048
	1,879,829	1,780,204
NET ASSETS		
COMMUNITY SUPPORT PROGRAMS - UNRESTRICTED	391,277	1,094,362
INTERNALLY RESTRICTED (Note 8)	800,000	-
	1,191,277	1,094,362
	\$ 3,071,106	\$ 2,874,566

COMMITMENT (Note 11)

APPROVED ON BEHALF OF THE BOARD

 Director

 Director

See the accompanying notes to these financial statements

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Statement of Changes in Net Assets

Year Ended March 31, 2025

	Operations	Community Support Programs - unrestricted	Internally restricted (Note 8)	2025	2024
NET ASSETS - BEGINNING OF YEAR	\$ -	\$ 1,094,362	\$ -	\$ 1,094,362	\$ 1,021,685
Excess of revenues over expenses	-	96,915	-	96,915	72,677
Transfer <i>(Note 8)</i>	-	(800,000)	800,000	-	-
NET ASSETS - END OF YEAR	\$ -	\$ 391,277	\$ 800,000	\$ 1,191,277	\$ 1,094,362

See the accompanying notes to these financial statements

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Statement of Operations
Year Ended March 31, 2025

	Operations	Community Support Programs	2025	2024
REVENUES				
Grants				
Ontario Health <i>(Note 5)</i>	\$ 4,126,605	\$ -	\$ 4,126,605	\$ 4,010,017
City of Toronto	-	359,334	359,334	326,262
Ministry of Health and Long Term Care	348,120	-	348,120	310,019
Other <i>(Note 9)</i>	-	153,504	153,504	669,582
Federal	-	24,413	24,413	43,787
Rents	298,096	-	298,096	165,772
Amortization of deferred contributions for capital asset purchases <i>(Note 7)</i>	181,566	9,963	191,529	187,021
Resource development	-	143,853	143,853	102,475
Fundraising and gaming - Bingo	-	87,146	87,146	-
Other	-	82,571	82,571	74,194
Interest	-	42,910	42,910	38,295
	<u>4,954,387</u>	<u>903,694</u>	<u>5,858,081</u>	<u>5,927,424</u>
EXPENSES				
Salaries and benefits	3,185,987	337,027	3,523,014	3,646,001
Housing programs	879,085	-	879,085	797,728
Program supplies and other	462,456	275,354	737,810	841,121
Building	136,606	70,764	207,370	218,365
Professional fees	85,037	113,671	198,708	86,431
Amortization of capital assets	181,566	9,963	191,529	205,065
Equipment	23,650	-	23,650	60,036
	<u>4,954,387</u>	<u>806,779</u>	<u>5,761,166</u>	<u>5,854,747</u>
EXCESS OF REVENUES OVER EXPENSES	\$ -	\$ 96,915	\$ 96,915	\$ 72,677

See the accompanying notes to these financial statements

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.**Statement of Cash Flows
Year Ended March 31, 2025**

	2025	2024
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 96,915	\$ 72,677
Items not affecting cash:		
Amortization of deferred contributions for capital asset purchases	(191,529)	(187,021)
Amortization of capital assets	191,529	205,065
	96,915	90,721
Changes in non-cash working capital:		
Harmonized Sales Tax recoverable	(13,945)	32,263
Accounts receivable	(99,337)	(98,467)
Prepaid expenses	(39,188)	(4,242)
Accounts payable and accrued liabilities	53,147	(46,890)
Deferred revenues	83,684	(97,708)
	(15,639)	(215,044)
Cash flows from (used by) operating activities	81,276	(124,323)
INVESTING ACTIVITIES		
Purchase of capital assets	(154,323)	(17,017)
Change in investments, net	(67,815)	(514,372)
Cash flows used by investing activities	(222,138)	(531,389)
FINANCING ACTIVITY		
Contributions received for capital asset purchases	154,323	17,017
Cash flow from financing activity	154,323	17,017
INCREASE (DECREASE) IN CASH	13,461	(638,695)
CASH - BEGINNING OF YEAR	231,165	869,860
CASH - END OF YEAR	\$ 244,626	\$ 231,165

See the accompanying notes to these financial statements

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Notes to Financial Statements

Year Ended March 31, 2025

1. PURPOSE OF THE ORGANIZATION

Progress Place Rehabilitation Centre (Metropolitan Toronto) Inc. ("Progress Place") was incorporated under the laws of the Province of Ontario on January 16, 1984 as a corporation without share capital to function exclusively as a charitable organization. The Organization was continued under the Ontario's Not-for-Profit Corporation Act ("ONCA"). A primary objective of Progress Place is to provide rehabilitation and housing for persons with severe and persistent mental illness. Progress Place is a certified training base in the clubhouse model of psychosocial rehabilitation.

Progress Place receives the majority of its funding from the Government of Ontario in the form of permanent funding and occasional one-time grants.

Progress Place is a registered charitable organization under the Income Tax Act (Canada) and as such is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

Fund accounting

Progress Place utilizes fund accounting to report its operating results.

The Operations Fund reports resources from Ontario Health and the Ministry of Health and Long Term Care in accordance with an approved operating budget.

The Community Support Programs Fund reports all other resources of Progress Place.

Revenue recognition

Progress Place follows the deferral method of accounting for contributions.

Restricted contributions, including grants and fundraising and gaming activities, are recognized as revenues in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for the purchase of capital assets are initially deferred on the statement of financial position and then amortized as revenues in the statement of operations on the same basis as the related capital asset costs are amortized.

Rents are recognized as revenues on the first of the month for the period covered by the rent.

Resource development revenues include revenues from fundraising events and donations, which are recognized when received.

Other revenues include amounts from training fees which are recognized when related services and activities have been provided.

Interest received during the year is recognized as revenues when earned, as reported by the issuing financial institutions.

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PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Notes to Financial Statements

Year Ended March 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Progress Place initially measures its financial assets and financial liabilities at fair value. Progress Place subsequently measures all of its financial assets and financial liabilities at cost. The financial assets subsequently measured at amortized cost include cash and accounts receivable. The financial liabilities measured at amortized cost includes accounts payable.

Investments are measured at cost plus accrued interest.

Impairment of financial instruments

Financial assets measured at cost are tested for impairment if there are indications of possible impairment. The impairment loss is equal to the difference between carrying value and expected recoverable amount. A previously recognized impairment loss may be reversed to the extent of the improvement, either 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 loss not been recognized previously. The amount of any write down or reversal is recognized in excess of revenues over expenses.

Capital assets

Capital assets are recorded at cost less accumulated amortization.

Amortization is provided on a straight-line basis over the useful life of the assets, which are 20 years for the building and building improvements; 5 to 10 years for furniture and equipment; and 3 years for computer equipment.

Capitalized building improvement costs include pre-construction costs essential to the development of improvements, development costs, construction costs and general and administrative costs incurred to the date of substantial completion.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Impairment of long-lived assets

Long-lived assets, including capital assets, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment loss is measured as the amount by which the carrying amount of the capital asset exceeds its fair value. Fair value is determined by the current replacement cost of similar assets.

Use of estimates

The preparation of 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Such estimates are periodically reviewed and any adjustments necessary are reported in excess of revenues over expenses in the year in which they become known. Such estimates include useful life of capital assets, year end accrued liabilities, and collectability of accounts receivable. Actual results could differ from these estimates.

Donations in kind

Revenues from donations in kind and their corresponding assets and expenses are not reflected in the financial statements.

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PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.**Notes to Financial Statements****Year Ended March 31, 2025****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Contributed services

Volunteers contribute an undeterminable but substantial number of hours during the year to assist Progress Place in carrying out its mission and activities. Since Progress Place would not otherwise purchase these services, contributed services are not recognized in these financial statements.

3. INVESTMENTS

Investments consist of money market mutual funds and investment-grade guaranteed investment certificates from Canadian financial institutions, having maturity dates from May 2025 to January 2027 and interest rates ranging from 1.33% to 5.12%.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Building improvements	\$ 2,724,272	\$ 1,996,146	\$ 728,126	\$ 713,186
Furniture and equipment	653,924	240,208	413,716	465,862
Computer equipment	11,420	11,420	-	-
Building	3,042,200	3,042,200	-	-
	\$ 6,431,816	\$ 5,289,974	\$ 1,141,842	\$ 1,179,048

5. AMOUNTS OWED TO ONTARIO HEALTH

The amount of unspent contribution funding is repayable to Ontario Health each year. In 2025, the amount owing to Ontario Health is \$1,598 (2024 - \$1,598), which is included in accounts payable and accrued liabilities.

6. DEFERRED REVENUES

Deferred revenues as at March 31 consist of the following:

	2025	2024
Grants:		
Stepped Care Solutions Inc.	\$ 147,925	\$ 147,925
Ontario Brain Institute	64,996	-
Employment and Social Development Canada	24,960	-
City of Toronto	4,700	-
Tenant rental deposits	93,958	92,383
College training fees	71,057	72,370
Resource development	16,916	14,116
Bingo	92	14,126
	\$ 424,604	\$ 340,920

Cash includes balances held in separate bank accounts for unspent Bingo proceeds.

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PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.**Notes to Financial Statements****Year Ended March 31, 2025****6. DEFERRED REVENUES (continued)**

The continuity of deferred revenues for the year is as follows:

	<u>2025</u>	<u>2024</u>
Balance - beginning of year	\$ 340,919	\$ 438,628
Add: amounts received during the year	1,150,032	1,210,171
Less: amounts recognized as revenues in the year	<u>(1,066,347)</u>	<u>(1,307,879)</u>
Balance - end of year	<u>\$ 424,604</u>	<u>\$ 340,920</u>

7. DEFERRED CONTRIBUTIONS FOR CAPITAL ASSET PURCHASES

The Ontario Ministry of Health and Ontario Trillium Foundation have provided funding for building improvements and other capital assets. The continuity of deferred contributions for capital asset purchases is as follows:

	<u>2025</u>	<u>2024</u>
Balance - beginning of year	\$ 1,179,048	\$ 1,349,052
Add: amounts received in the year	154,323	17,017
Less: amounts recognized as revenues in the year	<u>(191,529)</u>	<u>(187,021)</u>
Balance - end of year	<u>\$ 1,141,842</u>	<u>\$ 1,179,048</u>

8. INTERNALLY RESTRICTED NET ASSETS

In 2025, the Board of Directors approved an internal restriction of the Community Support Programs Fund's net assets in the amount of \$800,000 to support Progress Place's future expansion. These funds have been earmarked to finance expenditures related to the planning, development and execution of improvements aligned with the projects. The use of these funds is subject to approval by the Board and will be reviewed as needed based on project progress and financial requirements.

This amount is supported by long-term investments.

9. OTHER GRANTS

The balance of other grants revenues is comprised of the following:

	<u>2025</u>	<u>2024</u>
Corporate	\$ 78,504	\$ 564,347
Foundation	<u>75,000</u>	<u>105,235</u>
	<u>\$ 153,504</u>	<u>\$ 669,582</u>

PROGRESS PLACE REHABILITATION CENTRE (METROPOLITAN TORONTO) INC.

Notes to Financial Statements

Year Ended March 31, 2025

10. PENSION

During fiscal 2024, Progress Place enrolled in the Healthcare of Ontario Pension Plan ("HOOPP") program ("Plan"). At the last reported year end of the Plan, December 31, 2024, the Plan had a surplus of \$10.4 million.

The Plan was established in 1960 to meet the retirement needs of the health care community.

As this is a multi-employer plan, the Plan is accounted for using the standards for defined contribution plans.

Included in salaries and benefits during the year is a pension expense of \$190,895 (2024 - \$97,061).

11. COMMITMENT

Progress Place has a long term lease with respect to its premises. Future minimum lease payments as at year end are as follows:

2026	\$	52,800
2027		52,800
2028		52,800
2029		52,800
		<hr/>
	\$	<u>211,200</u>

12. FINANCIAL INSTRUMENTS

Progress Place is exposed to credit risk on its accounts receivable. Included in accounts receivable is \$55,318 from City of Toronto (2024 - \$80,035), \$109,279 from Ontario Health (2024 - \$15,000) and \$100,000 from St. Michael's Homes (2024 - \$nil).

It is management's opinion that Progress Place is not exposed to significant liquidity, currency, or other price risks arising from its financial instruments.
