

**PHSS SUPPORT SERVICES**

**Operating As**

**PHSS Medical & Complex Care in Community**

**Financial Statements**

**March 31, 2025**

## **PHSS SUPPORT SERVICES**

### **Financial Statements**

**For The Year Ended March 31, 2025**

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## **INDEPENDENT AUDITORS' REPORT**

To the Members 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, 2025, 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, 2025, 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 24, 2025

*Graham Scott Enns LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS

Licensed Public Accountants

# PHSS SUPPORT SERVICES

## Statement of Financial Position As at March 31, 2025

	2025	2024
	\$	\$
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	2,404,676	2,576,397
Accounts receivable	619,590	603,591
Government remittances receivable	171,070	193,942
Assets held for sale (Note 17)	50,778	-
Accounts receivable - MCCSS	-	11,952
Prepaid expenses	317,867	241,678
	3,563,981	3,627,560
<b>RESTRICTED CASH (NOTE 3)</b>	165,859	161,792
<b>TANGIBLE CAPITAL ASSETS (NOTE 4)</b>	3,672,172	4,312,540
<b>TOTAL ASSETS</b>	7,402,012	8,101,892
<b><u>LIABILITIES AND NET ASSETS (LIABILITIES)</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	2,565,394	2,666,823
Accounts payable - OH	434,157	434,157
Government remittances payable	413,161	384,238
Current portion of long-term debt (Note 7)	336,680	366,894
Deferred contributions (Note 5)	332,701	333,894
	4,082,093	4,186,006
<b>LONG-TERM DEBT (NOTE 7)</b>	1,346,901	1,383,160
<b>FORGIVABLE LOAN (NOTE 8)</b>	1,676,505	1,676,505
<b>DEFERRED CAPITAL CONTRIBUTIONS (NOTE 6)</b>	1,194,349	1,601,160
<b>TOTAL LIABILITIES</b>	8,299,848	8,846,831
<b>NET ASSETS (LIABILITIES)</b>		
Operating Fund - Unrestricted	534,562	491,971
Capital Fund - Internally Restricted	(1,598,257)	(1,398,702)
Capital Reserve Fund - Internally Restricted (Note 3)	80,516	77,084
Clarke Road Capital Reserve Fund - Externally Restricted (Note 3)	4,334	-
Clarke Road Contingency Fund - Internally Restricted (Note 3)	81,009	84,708
<b>TOTAL NET ASSETS (LIABILITIES)</b>	(897,836)	(744,939)
<b>TOTAL LIABILITIES AND NET ASSETS (LIABILITIES)</b>	7,402,012	8,101,892

Approved by the Board: Brian H. Orr Ally  
Director Director

See accompanying notes to the financial statements

## PHSS SUPPORT SERVICES

### Statement of Changes in Net Assets (Liabilities) For The Year Ended March 31, 2025

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	Operating Fund	Capital Fund	Capital Reserve Fund	Clarke Road Capital Reserve Fund	Clarke Road Contingency Fund	2025	2024
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>NET ASSETS (LIABILITIES), BEGINNING OF YEAR</b>	491,971	(1,398,702)	77,084	-	84,708	<b>(744,939)</b>	(691,518)
Excess (deficiency) of revenues over expenditures	46,658	(199,555)	-	-	-	<b>(152,897)</b>	(53,421)
Interfund transfers (Note 11)	<u>(4,067)</u>	<u>-</u>	<u>3,432</u>	<u>4,334</u>	<u>(3,699)</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS (LIABILITIES), END OF YEAR</b>	<u><u>534,562</u></u>	<u><u>(1,598,257)</u></u>	<u><u>80,516</u></u>	<u><u>4,334</u></u>	<u><u>81,009</u></u>	<u><u><b>(897,836)</b></u></u>	<u><u>(744,939)</u></u>

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See accompanying notes to the financial statements

# PHSS SUPPORT SERVICES

## Statement of Revenues and Expenditures For The Year Ended March 31, 2025

	Operating Fund (Page 6)	Capital Fund (Page 7)	Capital Reserve Fund	Clarke Road Capital Reserve Fund	Clarke Road Contingency Fund	2025	2024
	\$	\$	\$	\$	\$	\$	\$
<b>REVENUES</b>							
Ministry contract revenue	35,429,573	-	-	-	-	35,429,573	33,068,419
Other grants and funding	4,397,620	-	-	-	-	4,397,620	3,313,828
Amortization of deferred capital contributions	-	1,609,107	-	-	-	1,609,107	2,065,226
Recoveries	789,492	-	-	-	-	789,492	756,569
Rent	111,936	-	-	-	-	111,936	111,518
Donations	38,618	-	-	-	-	38,618	3,100
Dedicated supportive housing	-	38,590	-	-	-	38,590	70,324
Rent recovery	-	14,472	-	-	-	14,472	14,472
	<u>40,767,239</u>	<u>1,662,169</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,429,408</u>	<u>39,403,456</u>
<b>EXPENDITURES</b>							
Salaries, wages and benefits	35,088,914	-	-	-	-	35,088,914	31,842,034
Building occupancy	1,940,294	-	-	-	-	1,940,294	1,854,791
Amortization	-	1,791,886	-	-	-	1,791,886	2,248,005
Purchased services	1,700,443	-	-	-	-	1,700,443	1,552,578
Persons supported supplies	688,928	-	-	-	-	688,928	654,559
Staff travel and vehicle costs	651,040	-	-	-	-	651,040	604,003
Office and other operating	302,381	38,469	-	-	-	340,850	361,805
Professional fees	125,005	-	-	-	-	125,005	114,207
Staff training	98,176	-	-	-	-	98,176	111,504
Interest on long-term debt	45,434	31,369	-	-	-	76,803	68,010
Repairs and maintenance	38,703	-	-	-	-	38,703	21,021
Utilities	22,372	-	-	-	-	22,372	15,475
Supplies	15,308	-	-	-	-	15,308	8,885
Board and volunteer training	3,583	-	-	-	-	3,583	-
	<u>40,720,581</u>	<u>1,861,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,582,305</u>	<u>39,456,877</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>46,658</u>	<u>(199,555)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(152,897)</u>	<u>(53,421)</u>

See accompanying notes to the financial statements

## PHSS SUPPORT SERVICES

### Schedule of Operating Fund Revenues and Expenditures For The Year Ended March 31, 2025

	OH (Page 19) \$	MCCSS (Page 20) \$	You at Home / Passport \$	Clarke Road \$	Other \$	2025 \$	2024 \$
<b>REVENUES</b>							
Ministry contract revenue	14,821,477	20,608,096	-	-	-	<b>35,429,573</b>	33,068,419
Other grants and funding	300,236	1,823,964	2,273,420	-	-	<b>4,397,620</b>	3,313,828
Recoveries	281,516	507,976	-	-	-	<b>789,492</b>	756,569
Rent	-	-	-	111,936	-	<b>111,936</b>	111,518
Donations	4,998	24,059	-	4,284	5,277	<b>38,618</b>	3,100
	<u>15,408,227</u>	<u>22,964,095</u>	<u>2,273,420</u>	<u>116,220</u>	<u>5,277</u>	<b><u>40,767,239</u></b>	<u>37,253,434</u>
<b>EXPENDITURES</b>							
Salaries, wages and benefits	13,407,713	19,566,422	2,114,779	-	-	<b>35,088,914</b>	31,842,034
Building occupancy	969,911	970,383	-	-	-	<b>1,940,294</b>	1,854,791
Purchased services	418,215	1,205,644	54,766	21,818	-	<b>1,700,443</b>	1,552,578
Persons supported supplies	222,517	444,070	22,341	-	-	<b>688,928</b>	654,559
Staff travel and vehicle costs	208,369	393,856	48,815	-	-	<b>651,040</b>	604,003
Office and other operating	110,518	182,506	8,000	1,357	-	<b>302,381</b>	306,193
Professional fees	39,001	86,004	-	-	-	<b>125,005</b>	114,207
Staff training	30,908	67,268	-	-	-	<b>98,176</b>	111,504
Interest on long-term debt	-	45,434	-	-	-	<b>45,434</b>	35,706
Repairs and maintenance	-	-	-	38,703	-	<b>38,703</b>	21,021
Utilities	-	-	-	22,372	-	<b>22,372</b>	15,475
Supplies	-	-	10,031	-	5,277	<b>15,308</b>	8,885
Board and volunteer training	1,075	2,508	-	-	-	<b>3,583</b>	-
	<u>15,408,227</u>	<u>22,964,095</u>	<u>2,258,732</u>	<u>84,250</u>	<u>5,277</u>	<b><u>40,720,581</u></b>	<u>37,120,956</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>14,688</u>	<u>31,970</u>	<u>-</u>	<b><u>46,658</u></b>	<u>132,478</u>

See accompanying notes to the financial statements



# PHSS SUPPORT SERVICES

## Schedule of Capital Fund Revenues and Expenditures For The Year Ended March 31, 2025

	Note (1) Dedicated Supportive Housing \$	Clarke Road \$	Other \$	2025 \$	2024 \$
<b>REVENUES</b>					
Amortization of capital contributions	-	-	1,609,107	<b>1,609,107</b>	2,065,226
Dedicated supportive housing (Note 16)	38,590	-	-	<b>38,590</b>	70,324
Rent recovery	<u>14,472</u>	<u>-</u>	<u>-</u>	<b><u>14,472</u></b>	<u>14,472</u>
	<u>53,062</u>	<u>-</u>	<u>1,609,107</u>	<b><u>1,662,169</u></b>	<u>2,150,022</u>
<b>EXPENDITURES</b>					
Amortization	-	-	1,791,886	<b>1,791,886</b>	2,248,005
Office and other operating	38,469	-	-	<b>38,469</b>	55,612
Interest on long-term debt	<u>34</u>	<u>31,335</u>	<u>-</u>	<b><u>31,369</u></b>	<u>32,304</u>
	<u>38,503</u>	<u>31,335</u>	<u>1,791,886</u>	<b><u>1,861,724</u></b>	<u>2,335,921</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u><u>14,559</u></u>	<u><u>(31,335)</u></u>	<u><u>(182,779)</u></u>	<b><u><u>(199,555)</u></u></b>	<u><u>(185,899)</u></u>

See accompanying notes to the financial statements

# PHSS SUPPORT SERVICES

## Statement of Cash Flows For The Year Ended March 31, 2025

	2025 <u>\$</u>	2024 <u>\$</u>
<b>CASH FLOW FROM (USED IN) OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenditures	(152,897)	(53,421)
Adjustments for:		
Amortization of tangible capital assets	1,791,886	2,248,005
Amortization of deferred capital contributions	<u>(1,609,107)</u>	<u>(2,065,226)</u>
	<u>29,882</u>	<u>129,358</u>
Changes in non-cash working capital:		
Accounts receivable	(54,825)	355,098
Government remittances receivable	22,872	2,029
Prepaid expenses	(76,189)	(131,028)
Accounts payable and accrued liabilities	(101,429)	432,624
Government remittances payable	28,923	101,717
Deferred contributions	<u>(1,193)</u>	<u>82,260</u>
Change in non-cash working capital	<u>(181,841)</u>	<u>842,700</u>
	<u>(151,959)</u>	<u>972,058</u>
<b>CASH FLOW USED IN INVESTING ACTIVITIES</b>		
Additions to tangible capital assets	<u>(1,151,518)</u>	<u>(1,234,138)</u>
	<u>(1,151,518)</u>	<u>(1,234,138)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayments of long-term debt	(66,473)	(74,041)
Change in deferred capital contributions	<u>1,202,296</u>	<u>1,207,040</u>
	<u>1,135,823</u>	<u>1,132,999</u>
<b>NET CHANGE IN CASH</b>	(167,654)	870,919
<b>CASH, BEGINNING OF YEAR</b>	<u>2,738,189</u>	<u>1,867,270</u>
<b>CASH, END OF YEAR</b>	<u><u>2,570,535</u></u>	<u><u>2,738,189</u></u>
<b>CASH IS COMPRISED OF:</b>		
Cash	2,404,676	2,576,397
Capital Reserve Funds	84,850	77,084
Clarke Road Contingency Fund	<u>81,009</u>	<u>84,708</u>
	<u><u>2,570,535</u></u>	<u><u>2,738,189</u></u>

See accompanying notes to the financial statements

**PHSS SUPPORT SERVICES**  
**Notes to the Financial Statements**  
**For The Year Ended March 31, 2025**

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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 prior 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, 2025**

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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.

The Dedicated Supportive Housing program within the Capital Fund will be closed at the end of the fiscal year.

*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, 2025**

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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

*Initial measurement of financial instruments*

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. Financial assets and liabilities originated or exchanged in a related party transaction, except for those that involve parties whose sole relationship with the organization is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If repayment terms are present, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the organization in the transaction.

**PHSS SUPPORT SERVICES**  
**Notes to the Financial Statements**  
**For The Year Ended March 31, 2025**

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

Financial Instruments (continued)

*Subsequent measurement of financial instruments*

The organization subsequently measures all its financial assets and liabilities at cost or amortized cost, except for cash which is measured at fair value. Changes in fair value are recognized in the Statement of Operations.

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.

*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.

Allocation of Administrative Expenses

The organization reports costs for its operations by program. Costs that can be identified to a specific program are allocated directly to that program. Shared program costs, with the exception of administration costs, are allocated to programs based on management's estimate of the time, usage, or space that best reflects actual utilization of the cost. Administration costs are allocated to programs based on the Ministry funding amount by program.

**2. LINE OF CREDIT**

The organization has an available \$300,000 line of credit at a rate of bank prime plus 0.50% (bank prime - 4.95% as of March 31, 2025). As at March 31, 2025, the organization had an outstanding balance of \$Nil (2024 - \$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 \$208,222.

**3. 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.

# PHSS SUPPORT SERVICES

## Notes to the Financial Statements For The Year Ended March 31, 2025

### 4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2025	2024
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Land	1,477,616	-	<b>1,477,616</b>	1,526,575
Buildings	6,411,943	5,877,875	<b>534,068</b>	696,474
Residence renovations	2,251,166	1,686,589	<b>564,577</b>	663,056
Furniture and fixtures	1,056,607	907,167	<b>149,440</b>	221,258
Automobiles	2,363,705	1,989,905	<b>373,800</b>	396,987
Leasehold improvements	2,360,932	1,788,261	<b>572,671</b>	808,190
Software	<u>2,710,967</u>	<u>2,710,967</u>	<u>-</u>	<u>-</u>
	<b><u>18,632,936</u></b>	<b><u>14,960,764</u></b>	<b><u>3,672,172</u></b>	<b><u>4,312,540</u></b>

### 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:

	2025	2024
	<u>\$</u>	<u>\$</u>
Balance, beginning of year	<b>333,894</b>	251,634
Add: Funding received in the year for expenses	<b>123,356</b>	175,940
Less: Amount recognized as revenue in the year	<b><u>(124,549)</u></b>	<b><u>(93,680)</u></b>
Balance, end of year	<b><u>332,701</u></b>	<b><u>333,894</u></b>

### 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:

	2025	2024
	<u>\$</u>	<u>\$</u>
Balance, beginning of year	<b>1,601,160</b>	2,459,346
Add: Amount received related to future years	<b>1,202,296</b>	1,207,040
Less: Amount recognized as revenue in the year	<b><u>(1,609,107)</u></b>	<b><u>(2,065,226)</u></b>
Balance, end of year	<b><u>1,194,349</u></b>	<b><u>1,601,160</u></b>

# PHSS SUPPORT SERVICES

## Notes to the Financial Statements For The Year Ended March 31, 2025

### 7. LONG-TERM DEBT

	2025	2024
	<u>\$</u>	<u>\$</u>
Mortgage payable at 0.83%, repaid during the year	-	4,883
Mortgage payable at 0.83%, repaid during the year	-	4,883
Mortgage payable at 0.83%, repaid during the year	-	4,883
Demand loan payable at a variable interest rate, secured by a building with a carrying amount of \$508,515	298,824	315,608
Mortgage payable at 5.65%, repayable in blended monthly instalments of \$2,493, matures July 2027, secured by a building with a carrying amount of \$508,515	379,050	385,704
Mortgage payable at 3.41%, repayable in blended monthly instalments of \$3,206, renewal date of July 2029, matures July 2039, secured by a building with a carrying amount of \$636,719	780,462	792,286
Promissory note payable at 2.00%, repayable in blended monthly instalments of \$1,771, matures March 2038	<u>225,245</u>	<u>241,807</u>
	1,683,581	1,750,054
Less: Current portion	<u>(336,680)</u>	<u>(366,894)</u>
	<u><u>1,346,901</u></u>	<u><u>1,383,160</u></u>

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>
2026	336,680
2027	39,124
2028	391,782
2029	760,408
2030	18,303
Thereafter	137,284



**PHSS SUPPORT SERVICES**  
**Notes to the Financial Statements**  
**For The Year Ended March 31, 2025**

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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 \$636,719 (2024 - \$762,176). 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. At that time, the forgivable amount of the loan would be recognized in the Capital Fund. 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, 2025, 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>
2026	605,561
2027	559,108
2028	423,536
2029	386,063
2030	171,853

**10. CONTINGENT LIABILITIES**

As at March 31, 2025, 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 \$7,766 (2024 - \$7,766) from the Operating Fund, of which \$4,334 (2024 - \$4,334) was transferred to the Clarke Road Capital Reserve Fund and \$3,432 (2024 - \$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. In addition, the board authorized transfers to the Capital Fund, of which \$Nil (2024 - \$24,012) was transferred from the Clarke Road Capital Reserve Fund and \$Nil (2024 - \$3,087) was transferred from the Clarke Road Contingency Fund, in order to fund capital expenditures. The final transfer of \$3,699 to the Operating Fund from the Clarke Road Contingency Fund (2024 - \$10,674 from the Operating Fund to the Clarke Road Contingency Fund) was made to offset the current year deficit as approved by the Board of Directors.

## **PHSS SUPPORT SERVICES**

### **Notes to the Financial Statements For The Year Ended March 31, 2025**

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#### **12. GUARANTEE**

The organization is a guarantor of five mortgages payable to financial institutions by PHSS Foundation.

The initial proceeds of the mortgage payable were \$408,082 and the mortgage is renewable in April 2027. 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 term facility payable amount plus all costs and interest accrued on any unpaid amounts. As at March 31, 2025, the mortgage payable was \$372,495 (2024 - \$391,569). The mortgage is secured by land and building owned by PHSS Foundation with a carrying value of \$441,526 (2024 - \$466,396).

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, 2025, the mortgage payable was \$793,719 (2024 - \$855,089). The mortgage is secured by land and building owned by PHSS Foundation with a carrying value of \$898,304 (2024 - \$958,115).

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, 2025, the mortgage payable was \$353,166 (2024 - \$366,601). The mortgage is secured by land and building owned by PHSS Foundation with a carrying value of \$443,584 (2024 - \$460,760).

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, 2025, the mortgage payable was \$437,299 (2024 - \$458,860). The mortgage is secured by land and building owned by PHSS Foundation with a carrying value of \$589,056 (2024 - \$607,618).

The initial proceeds of the mortgage payable were \$550,000 and the mortgage is renewable in July 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, 2025, the mortgage payable was \$543,716. The mortgage is secured by land and building owned by PHSS Foundation with a carrying value of \$168,270.

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**PHSS SUPPORT SERVICES**  
**Notes to the Financial Statements**  
**For The Year Ended March 31, 2025**

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**13. 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). The organization would not be able to operate at the current level without these funds.

**14. 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.

**15. ADMINISTRATION OF FUNDS**

The organization provides a service for some persons supported 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 persons supported 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. During the year, these mortgages were discharged and all related funding has ended.

**17. ASSETS HELD FOR SALE**

On April 8, 2025, the organization sold two properties for total proceeds of \$1,300,000 to PHSS Foundation in exchange for an interest free promissory note with no fixed terms of repayment. The two properties have been recorded as assets held for sale at the amortized cost as of March 31, 2025.

**PHSS SUPPORT SERVICES**  
**Notes to the Financial Statements**  
**For The Year Ended March 31, 2025**

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**18. SUBSEQUENT EVENT**

On May 1, 2025, the organization guaranteed two additional mortgages payable to financial institutions by PHSS Foundation.

The initial proceeds of the mortgage payable were \$800,000 and the mortgage is renewable in May 2029. 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.

The initial proceeds of the mortgage payable were \$475,000 and the mortgage is renewable in May 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.

**PHSS SUPPORT SERVICES**  
**Notes to the Financial Statements**  
**For The Year Ended March 31, 2025**

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**19. 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.

## PHSS SUPPORT SERVICES

### Ontario Health (OH) Schedule of Operating Fund Revenues and Expenditures For The Year Ended March 31, 2025

	East \$	West \$	2025 \$	2024 \$
<b>REVENUES</b>				
Ontario Health (OH)	1,974,178	12,847,299	14,821,477	14,227,221
Other grants and funding	1,764	298,472	300,236	254,758
Recoveries	31,709	249,807	281,516	269,749
Donations	-	4,998	4,998	-
	<u>2,007,651</u>	<u>13,400,576</u>	<u>15,408,227</u>	<u>14,751,728</u>
<b>EXPENDITURES</b>				
Salaries, wages and benefits	1,661,203	11,746,510	13,407,713	12,695,960
Building occupancy	160,522	809,389	969,911	954,329
Purchased services	78,429	339,786	418,215	485,182
Persons supported supplies	29,858	192,659	222,517	228,382
Staff travel and vehicle costs	52,050	156,319	208,369	205,020
Office and other operating	13,721	96,797	110,518	114,337
Professional fees	3,000	36,001	39,001	34,262
Staff training	8,868	22,040	30,908	34,256
Board and volunteer training	-	1,075	1,075	-
	<u>2,007,651</u>	<u>13,400,576</u>	<u>15,408,227</u>	<u>14,751,728</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<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, 2025

	East \$	West \$	2025 \$	2024 \$
<b>REVENUES</b>				
Ministry of Children, Community and Social Services (MCCSS)	1,348,096	19,260,000	<b>20,608,096</b>	18,841,198
Other grants and funding	22,271	1,801,693	<b>1,823,964</b>	1,231,317
Recoveries	22,160	485,816	<b>507,976</b>	486,820
Donations	<u>19,879</u>	<u>4,180</u>	<b><u>24,059</u></b>	<u>-</u>
	<u>1,412,406</u>	<u>21,551,689</u>	<b><u>22,964,095</u></b>	<u>20,559,335</u>
<b>EXPENDITURES</b>				
Salaries, wages and benefits	1,111,923	18,454,499	<b>19,566,422</b>	17,478,283
Purchased services	68,416	1,137,228	<b>1,205,644</b>	991,702
Building occupancy	71,162	899,221	<b>970,383</b>	900,462
Persons supported supplies	35,242	408,828	<b>444,070</b>	410,175
Staff travel and vehicles costs	50,575	343,281	<b>393,856</b>	395,923
Office and other operating	13,740	168,766	<b>182,506</b>	189,891
Professional fees	5,000	81,004	<b>86,004</b>	79,945
Staff training	10,914	56,354	<b>67,268</b>	77,248
Interest on long-term debt	45,434	-	<b>45,434</b>	35,706
Board and volunteer training	<u>-</u>	<u>2,508</u>	<b><u>2,508</u></b>	<u>-</u>
	<u>1,412,406</u>	<u>21,551,689</u>	<b><u>22,964,095</u></b>	<u>20,559,335</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES BEFORE MINISTRY ADJUSTMENTS</b>	-	-	-	-
DSH infrastructure funding in excess of capital purchases	-	14,559	<b>14,559</b>	28,933
Principal repayments on long-term debt	<u>-</u>	<u>(14,559)</u>	<b><u>(14,559)</u></b>	<u>(28,933)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AFTER MINISTRY ADJUSTMENTS</b>	<u>-</u>	<u>-</u>	<b><u>-</u></b>	<u>-</u>