



Financial statements

LOFT Community Services

March 31, 2024

Contents

| | Page |
|---|-------------|
| Independent auditor's report | 1 - 2 |
| Statement of financial position | 3 |
| Statements of operations and changes in fund balances | 4 |
| Statement of cash flows | 5 |
| Notes to the financial statements | 6 - 17 |

Independent auditor's report

Grant Thornton LLP
11th Floor
200 King Street West, Box 11
Toronto, ON
M5H 3T4
T +1 416 366 0100
F +1 416 360 4949

To the Members of
LOFT Community Services

Opinion

We have audited the financial statements of LOFT Community Services (the "Organization"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in fund balances 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 the Organization as at March 31, 2024, and its results of 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 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 opinion.

Responsibilities of Management and Those Charged with Governance 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.

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.

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 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Toronto, Canada
July 19, 2024

Chartered Professional Accountants
Licensed Public Accountants

LOFT Community Services Statement of financial position

March 31

| | General Funds | | Restricted Funds | | 2024 Total | 2023 Total |
|---|----------------------|----------------------|-----------------------|-------------------------|-----------------------|-----------------------|
| | Operating Fund | Designated Funds | Capital Asset Fund | Capital Reserve Fund | | |
| Assets | | | | | | |
| Current | | | | | | |
| Cash and cash equivalents (Note 3) | \$ 11,362,413 | \$ - | \$ - | \$ 97,875 | \$ 11,460,288 | \$ 17,336,103 |
| Receivables (Note 4) | 3,516,843 | - | - | - | 3,516,843 | 4,160,294 |
| Interfund receivables (payables) | 3,327,212 | (4,885,358) | 91,636 | 1,466,510 | - | - |
| Investments (Note 5) | 4,025,388 | 34,348,398 | - | 1,080,346 | 39,454,132 | 31,119,035 |
| Prepays | 1,096,754 | - | - | - | 1,096,754 | 956,301 |
| | <u>23,328,610</u> | <u>29,463,040</u> | <u>91,636</u> | <u>2,644,731</u> | <u>55,528,017</u> | <u>53,571,733</u> |
| Capital assets (Note 6) | - | - | 62,063,946 | - | 62,063,946 | 56,100,487 |
| | <u>\$ 23,328,610</u> | <u>\$ 29,463,040</u> | <u>\$ 62,155,582</u> | <u>\$ 2,644,731</u> | <u>\$ 117,591,963</u> | <u>\$ 109,672,220</u> |
| Liabilities | | | | | | |
| Current | | | | | | |
| Payables and accruals (Note 3 and 7) | \$ 21,876,025 | \$ 102,336 | \$ 96,683 | \$ 2,940 | \$ 22,077,984 | \$ 22,180,232 |
| Deferred operating contributions (Note 8) | 1,452,585 | - | - | - | 1,452,585 | 3,234,958 |
| Current portion of mortgages payable (Note 9) | - | - | 1,101,148 | - | 1,101,148 | 1,194,741 |
| | <u>23,328,610</u> | <u>102,336</u> | <u>1,197,831</u> | <u>2,940</u> | <u>24,631,717</u> | <u>26,609,931</u> |
| Mortgages payable (Note 9) | - | - | 3,996,406 | - | 3,996,406 | 4,985,693 |
| | <u>23,328,610</u> | <u>102,336</u> | <u>5,194,237</u> | <u>2,940</u> | <u>28,628,123</u> | <u>31,595,624</u> |
| Fund balances (Note 11) | | | | | | |
| Externally restricted | - | - | - | 2,641,791 | 2,641,791 | 1,691,634 |
| Internally restricted | - | 29,360,704 | - | - | 29,360,704 | 27,732,375 |
| Unrestricted | - | - | 56,961,345 | - | 56,961,345 | 48,652,587 |
| | <u>-</u> | <u>29,360,704</u> | <u>56,961,345</u> | <u>2,641,791</u> | <u>88,963,840</u> | <u>78,076,596</u> |
| | <u>\$ 23,328,610</u> | <u>\$ 29,463,040</u> | <u>\$ 62,155,582</u> | <u>\$ 2,644,731</u> | <u>\$ 117,591,963</u> | <u>\$ 109,672,220</u> |

Commitments and contingency (Note 16)

DocuSigned by:
Approved by the Board
P. Schupper

039670B72EB24F1...

Chair

DocuSigned by:
Edward Reiser

C53B0DB76342409...

Director

See accompanying notes to the financial statements.

LOFT Community Services

Statement of operations and changes in fund balances

Year ended March 31

| | General Funds | | | | Restricted Funds | | | | Total Funds | |
|--|-------------------|------------------|-------------------|-------------------|--------------------|----------------------|-------------------|------------------|--------------------|-------------------|
| | Operating Fund | Designated Funds | 2024 Total | 2023 Total | Capital Asset Fund | Capital Reserve Fund | 2024 Total | 2023 Total | 2024 Total | 2023 Total |
| Revenue | | | | | | | | | | |
| Grant funding (Note 12) | \$81,908,901 | \$ - | \$ 81,908,901 | \$69,606,517 | \$ 6,913,315 | \$ 1,356,589 | \$ 8,269,904 | \$ 6,946,779 | \$90,178,805 | \$ 76,553,296 |
| Residents' fees | 8,265,198 | - | 8,265,198 | 6,925,238 | - | - | - | - | 8,265,198 | 6,925,238 |
| Investment income | 472,790 | 1,217,244 | 1,690,034 | 1,604,193 | - | 70,401 | 70,401 | 27,944 | 1,760,435 | 1,632,137 |
| Gain (loss) on disposal of investments | - | (44,635) | (44,635) | 571,590 | - | (5,226) | (5,226) | (65,701) | (49,861) | 505,889 |
| Unrealized gain (loss) on investments | - | 2,716,831 | 2,716,831 | (1,947,273) | - | 11,026 | 11,026 | 54,334 | 2,727,857 | (1,892,939) |
| Donations | 1,972,114 | - | 1,972,114 | 2,242,062 | 2,370,931 | - | 2,370,931 | 2,017,912 | 4,343,045 | 4,259,974 |
| Other | 625,124 | - | 625,124 | 1,188,592 | 98,758 | - | 98,758 | 3,096 | 723,882 | 1,191,688 |
| | <u>93,244,127</u> | <u>3,889,440</u> | <u>97,133,567</u> | <u>80,190,919</u> | <u>9,383,004</u> | <u>1,432,790</u> | <u>10,815,794</u> | <u>8,984,364</u> | <u>107,949,361</u> | <u>89,175,283</u> |
| Expenses (Note 13) | | | | | | | | | | |
| Salaries and benefits | 66,462,628 | - | 66,462,628 | 55,900,448 | - | - | - | - | 66,462,628 | 55,900,448 |
| Operating costs | 17,768,833 | - | 17,768,833 | 15,818,216 | - | 77,430 | 77,430 | - | 17,846,263 | 15,818,216 |
| Interest on long term debt | - | - | - | - | 168,066 | - | 168,066 | 180,748 | 168,066 | 180,748 |
| Other residents' services | 3,967,970 | - | 3,967,970 | 3,269,795 | - | - | - | - | 3,967,970 | 3,269,795 |
| Amortization | - | - | - | - | 4,244,702 | - | 4,244,702 | 3,455,190 | 4,244,702 | 3,455,190 |
| Administration | 4,141,754 | 225,517 | 4,367,271 | 4,221,121 | - | 5,217 | 5,217 | 4,411 | 4,372,488 | 4,225,532 |
| | <u>92,341,185</u> | <u>225,517</u> | <u>92,566,702</u> | <u>79,209,580</u> | <u>4,412,768</u> | <u>82,647</u> | <u>4,495,415</u> | <u>3,640,349</u> | <u>97,062,117</u> | <u>82,849,929</u> |
| Excess of revenue over expenses | \$ 902,942 | \$ 3,663,923 | \$ 4,566,865 | \$ 981,339 | \$ 4,970,236 | \$ 1,350,143 | \$ 6,320,379 | \$ 5,344,015 | \$ 10,887,244 | \$ 6,325,354 |
| Fund balances, beginning of year | \$ - | \$27,732,375 | \$27,732,375 | \$27,480,965 | \$48,652,587 | \$ 1,691,634 | \$50,344,221 | \$ 44,270,277 | \$78,076,596 | \$ 71,751,242 |
| Excess of revenue over expenses | 902,942 | 3,663,923 | 4,566,865 | 981,339 | 4,970,236 | 1,350,143 | 6,320,379 | 5,344,015 | 10,887,244 | 6,325,354 |
| Interfund transfers (Note 14) | (902,942) | (2,035,594) | (2,938,536) | (729,929) | 3,338,522 | (399,986) | 2,938,536 | 729,929 | - | - |
| Fund balances, end of year | \$ - | \$ 29,360,704 | \$ 29,360,704 | \$27,732,375 | \$56,961,345 | \$ 2,641,791 | \$59,603,136 | \$ 50,344,221 | \$88,963,840 | \$ 78,076,596 |

See accompanying notes to the financial statements.

LOFT Community Services

Statement of cash flows

Year ended March 31

| | General Funds | | Restricted Funds | | 2024 Total | 2023 Total |
|--|-------------------|---------------------|-----------------------|-------------------------|---------------|---------------|
| | Operating Fund | Designated Funds | Capital Asset Fund | Capital Reserve Fund | | |
| Increase (decrease) in cash and cash equivalents | | | | | | |
| Operating | | | | | | |
| Excess of revenue over expenses | \$ 902,942 | \$ 3,663,923 | \$ 4,970,236 | \$ 1,350,143 | \$ 10,887,244 | \$ 6,325,354 |
| Amortization | - | - | 4,244,702 | - | 4,244,702 | 3,455,190 |
| Gain on disposal of investments | - | 44,635 | - | 5,226 | 49,861 | (505,889) |
| Unrealized (gain) loss on investments | - | (2,716,831) | - | (11,026) | (2,727,857) | 1,892,939 |
| Contributed capital assets | - | - | (3,200,000) | - | (3,200,000) | - |
| Loan forgiveness | - | - | (1,262,402) | - | (1,262,402) | (63,295) |
| | 902,942 | 991,727 | 4,752,536 | 1,344,343 | 7,991,548 | 11,104,299 |
| Changes in non-cash working capital (see below) | (1,410,398) | 2,200,513 | (17) | (909,319) | (119,221) | 7,907,814 |
| | (507,456) | 3,192,240 | 4,752,519 | 435,024 | 7,872,327 | 19,012,113 |
| Financing | | | | | | |
| Interfund transfers | (902,942) | (2,035,594) | 3,338,522 | (399,986) | - | - |
| Proceeds from forgivable loan | - | - | - | - | - | 725,259 |
| Mortgage repayments | - | - | (1,082,880) | - | (1,082,880) | (1,104,794) |
| | (902,942) | (2,035,594) | 2,255,642 | (399,986) | (1,082,880) | (379,535) |
| Investing | | | | | | |
| Purchase of investments | (4,025,388) | (1,601,407) | - | (30,306) | (5,657,101) | (1,981,034) |
| Purchase of capital assets | - | - | (7,008,161) | - | (7,008,161) | (8,133,929) |
| | (4,025,388) | (1,601,407) | (7,008,161) | (30,306) | (12,665,262) | (10,114,963) |
| Net increase (decrease) in cash and cash equivalents | (5,435,786) | (444,761) | - | 4,732 | (5,875,815) | 8,517,615 |
| Cash and cash equivalents, beginning of year | 16,798,199 | 444,761 | - | 93,143 | 17,336,103 | 8,818,488 |
| Cash and cash equivalents, end of year | \$ 11,362,413 | \$ - | \$ - | \$ 97,875 | \$ 11,460,288 | \$ 17,336,103 |
| Changes in non-cash working capital | | | | | | |
| Receivables | \$ 643,451 | \$ - | \$ - | \$ - | \$ 643,451 | \$ 1,317,803 |
| Interfund receivables (payables) | (1,242,420) | 2,152,596 | (17) | (910,159) | - | - |
| Prepays | (140,453) | - | - | - | (140,453) | (43,997) |
| Payables and accruals | (151,005) | 47,917 | - | 840 | (102,248) | 5,903,578 |
| Deferred operating revenue | (519,971) | - | - | - | (519,971) | 730,430 |
| | \$ (1,410,398) | \$ 2,200,513 | \$ (17) | \$ (909,319) | \$ (119,221) | \$ 7,907,814 |

See accompanying notes to the financial statements.

LOFT Community Services

Notes to the financial statements

March 31, 2024

1. Organization

Our Mission:

To help people achieve their optimal health and well-being in the community, LOFT Community Services ("We," "Organization") offers unwavering support and hope. The Organization is incorporated under the Ontario Corporations Act as a not-for-profit organization and registered charity under the Income Tax Act.

In carrying out its mission, the Organization has several programs and services that help people experiencing complex combinations of mental and physical health challenges, addictions, dementia, homelessness or risk of homelessness. Accordingly, the financial statements include the accounts for the following program operations:

Supports for Youth:

The youth we support range from age 16 to 26 and this group is defined as Transitional-Age Youth. We support these individuals in these critical years as they have "aged out" of many child and youth services. Few services are tailored for this transitional time. Our goal is to bridge this gap and provide care promptly to positively impact their lives.

We provide transitional supportive housing and support to those in the community. Supports include:

- Group workshops
- Virtual and in-person drop-ins
- One-on-one and peer support
- 24-hour phone and text support

Supports for Adults:

The Organization's Adult Services offer outreach and housing services (transitional and permanent) tailored to each individual's needs.

Our services and programs include hospital transitions, one-on-one support with daily living, assistance navigating the healthcare system, and justice systems where relevant. Additional supports include specialized services tailored for the LGBT2S+ community, HIV-positive, and French-speaking. We are also a partner of The Works, a harm reduction supply service.

Supports for Seniors:

The Organization's Seniors Services has led the field since 1999, providing community-based support services to vulnerable and at-risk seniors with complex challenges. These challenges include a combination of absence of family support, social isolation, cultural dislocation, poverty, mental and physical health issues, dementia, addictions and/or behavioural changes. We work with partners such as Toronto Community Housing, local hospitals, and Behavioural Supports Ontario.

We offer six core services:

1. Specialized assisted living
2. One-on-one support tailored to seniors' mental health needs
3. Integrated Psychogeriatric Outreach Program (IPOP), a mobile service for York Region and South Simcoe home-bound residents
4. Behavioural Support Services
5. Community Reintegration Services to help transition from hospital
6. Mental Health or addictions crisis support

LOFT Community Services

Notes to the financial statements

March 31, 2024

2. Summary of significant accounting policies

The following significant accounting policies adopted by the Organization are in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”).

Fund accounting

The Organization follows the restricted fund method of accounting for contributions.

General funds

(a) Operating Fund

The Operating Fund accounts for the Organization’s program delivery and administrative activities. The fund reports unrestricted resources and restricted operating grants.

(b) Designated Funds

The Organization has formally set aside certain funds which are to be used for specific purposes. For financial statement presentation purposes, the funds have been grouped together and are referred to as Designated Funds. The balances and activity of each of these funds are disclosed in Note 11. A description of each fund follows:

(i) Mission Fund – Long term

The purpose of this fund is to ensure that the Organization has sufficient capital to provide for its future operational requirements.

(ii) Mission Fund – Short term

The purpose of this fund is to ensure the Organization supports its short term operational requirements over and above the funding it receives from donations, grants, and other sources through income it generates from its investments.

(iii) Program Designated Funds

The purpose of these funds is to recognize amounts that have been set aside for the use of specific programs in the Organization.

Restricted funds

(a) Capital Asset Fund

All capital assets are reported in the Capital Asset Fund. This includes projects under construction, if applicable.

(b) Capital Reserve Fund

The Organization has set aside funds from the Ministry of Health and Long-Term Care (MOHLTC) which are to be used for capital expenditures for specific properties. In accordance with the requirements of MOHLTC, the Organization has a separate investment fund.

LOFT Community Services

Notes to the financial statements

March 31, 2024

2. Summary of significant accounting policies (continued)

Revenue recognition

Donations include both contributions received and amounts pledged.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions related to general operations are deferred and recognized as revenue of the General Funds in the year in which the related expenses are incurred. Any refundable surpluses for restricted contributions related to general operations are included in payables and accruals. All other restricted contributions are recognized as revenue of the appropriate restricted fund if the amount to be received can be reasonably estimated and collection is reasonably assured.

Grant revenues are deferred and recognized as revenue when the related program expense is incurred.

Residents' fees, which includes rental income and other recoveries, are recognized as revenue in the operating fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Cash and cash equivalents

The Organization considers cash on hand and balances with banks, net of overdrafts, and highly liquid temporary money market instruments with original maturity dates of three months or less as cash and cash equivalents. Bank borrowings are considered to be financing activities.

Investments

Investments are recorded at fair value. Pooled funds are valued at the unit value supplied by the pooled fund administrator and which represent the Organization's appropriate share of underlying net assets at fair value. Investment income earned on restricted resources is recognized as revenue of the applicable fund. Other investment income is recognized as revenue of the General Funds.

Employee future benefit

The Organization accounts for its participation in the General Synod Pension Plan, which is a multi-employer contributory defined benefit pension plan, as a defined contribution plan. As the Organization has insufficient information to apply defined benefit plan accounting. There the Organizations' contributions are accounted for as if the plan were a defined contribution plan with the Organizations' contribution being expensed in the period they come due.

LOFT Community Services

Notes to the financial statements

March 31, 2024

2. Summary of significant accounting policies (continued)

Financial Instruments

The Organization's financial assets and liabilities are comprised of cash and cash equivalents, receivables, investments, payables and mortgages payable.

Initial measurement

The Organization's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement

At each reporting date, the Organization measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial asset), except for investments quoted in an active market, which must be measured at fair value.

The financial instruments measured at amortized cost are cash and cash equivalents, receivables, payables and mortgages payable. For financial assets measured at cost or amortized cost, the Organization regularly assesses whether there are any indicators of impairment. If there is an indication of impairment, and the Organization determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial assets, the Organization recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Financial instruments (related party transactions)

Financial assets and financial liabilities in related party transactions are initially measured at cost. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows of the instrument less any impairment losses recognized by the transferor. When the financial instrument does not have repayment terms, the cost of the instrument is initially measured at the exchange or carrying amount of the consideration transferred. Financial assets and financial liabilities obtained in related party transactions are subsequently measured based on how the Organization initially measured the instrument.

Capital assets

All significant assets purchased are amortized on a straight-line basis over their estimated useful lives at the following rates:

Tangible

| | |
|-----------------------------------|-----------------|
| Buildings | 5% |
| Building improvements | 5% |
| Leasehold improvements | over lease term |
| Furniture, equipment and vehicles | 10 – 33 1/3% |
| Computer systems | 33 1/3% |

Intangible

| | |
|-------------------|---------|
| Computer software | 33 1/3% |
|-------------------|---------|

LOFT Community Services

Notes to the financial statements

March 31, 2024

2. Summary of significant accounting policies (continued)

Impairment of long-lived assets

The Organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

Contributed services

A substantial number of volunteers contribute a significant amount of time each year to the Organization. Due to the difficulty of determining the fair value, these contributed services are not recognized or disclosed in the financial statements. Contributed materials are recorded at fair value when received.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically and adjustments are made to excess (deficiency) of revenues over expenditures as appropriate in the year they become known.

Items subject to significant management estimates include, among other items, allowance for doubtful accounts, fair value of investments and useful lives for amortization of capital assets.

3. Cash and cash equivalents

Cash and cash equivalents included \$83,838 (2023 - \$72,350) held on behalf of tenants. These monies are restricted as they are held in trust for tenants and are not available for general use. The corresponding amounts payable to tenants are included in payables and accruals.

4. Receivables

| | <u>2024</u> | <u>2023</u> |
|----------------------|---------------------|---------------------|
| Grants | \$ 2,389,134 | \$ 3,069,190 |
| Harmonized sales tax | 410,100 | 858,729 |
| Other | <u>717,609</u> | <u>232,375</u> |
| | <u>\$ 3,516,843</u> | <u>\$ 4,160,294</u> |

The allowance for doubtful accounts in relation to receivables is \$Nil (2023 - \$Nil).

LOFT Community Services

Notes to the financial statements

March 31, 2024

5. Investments

Investments at fair value consist of the following:

| | 2024 | | 2023 | |
|------------------------------------|----------------------|-------------|---------------|------|
| Canadian Bonds | | | | |
| Government | \$ 1,080,671 | 3% | \$ 1,044,655 | 3% |
| Pooled fixed income funds | 9,859,519 | 25% | 9,734,834 | 31% |
| Pooled equity funds | | | | |
| Canadian | 9,285,968 | 24% | 8,281,897 | 27% |
| Global | 13,486,525 | 34% | 11,237,025 | 36% |
| | 22,772,493 | 58% | 19,518,922 | 63% |
| Infrastructure Fund | 1,246,325 | 3% | 820,624 | 3% |
| Guaranteed investment certificates | 4,495,124 | 11% | - | 0% |
| | \$ 39,454,132 | 100% | \$ 31,119,035 | 100% |

Investments have been placed in an independently managed portfolio of pooled funds and bonds. All funds except for the infrastructure fund can be promptly liquefied if required. The fair value of the pooled funds is determined based on year-end quoted market prices of the underlying assets in the pooled fund. The value reported in the infrastructure fund is reported at estimated fair value for the first quarter.

Bond holdings have a weighted average term 2.99 years (2023 – 1.94 years) to maturity and a weighted average yield of 2.41% (2023 – 2.39%).

Guaranteed investment certificates total \$4,495,124 (2023 – \$Nil) and earn interest at annual rates between 3.40% and 5.05%, maturing between April and November 2024.

6. Capital assets

| | Cost | Accumulated Amortization | 2024 Net Book Value | 2023 Net Book Value |
|--------------------------------------|----------------------|-----------------------------|---------------------------|---------------------------|
| <u>Tangible</u> | | | | |
| Land | \$ 28,939,761 | \$ - | \$ 28,939,761 | \$ 25,739,761 |
| Buildings | 12,523,065 | 7,793,093 | 4,729,972 | 5,257,631 |
| Building under construction | 2,117,045 | - | 2,117,045 | - |
| Building improvements | 23,302,082 | 9,021,199 | 14,280,883 | 11,760,085 |
| Leasehold improvements | 16,644,733 | 10,299,231 | 6,345,502 | 7,225,482 |
| Furniture, equipment and vehicles | 7,934,952 | 3,176,577 | 4,758,375 | 4,751,380 |
| Computer systems | 2,529,825 | 1,776,617 | 753,208 | 1,083,933 |
| <u>Intangible</u> | | | | |
| Computer software | 1,027,390 | 888,190 | 139,200 | 282,215 |
| | \$ 95,018,853 | 32,954,907 | \$ 62,063,946 | \$ 56,100,487 |

LOFT Community Services

Notes to the financial statements

March 31, 2024

6. Capital assets (continued)

Building under construction costs in the amount of \$2,117,045 (2023 - \$Nil) are related to assets that are not yet available for use as determined by management. Accordingly, no amortization on those costs has been recorded.

7. Payables and accruals

| | <u>2024</u> | <u>2023</u> |
|--|----------------------|----------------------|
| Payables and accruals | \$ 21,864,765 | \$ 22,035,375 |
| Government payroll remittances payable | <u>213,219</u> | <u>144,857</u> |
| | <u>\$ 22,077,984</u> | <u>\$ 22,180,232</u> |

8. Deferred operating contributions

The Organization has the following deferred operating contributions:

| | <u>April 1, 2023</u> | <u>Funds Received</u> | <u>Funds Recognized as Revenue</u> | <u>March 31, 2024</u> |
|--|--------------------------|---------------------------|--|---------------------------|
| Donations | \$ 1,457,530 | \$ 110,992 | \$ (524,890) | \$ 1,043,632 |
| Bell Canada | 49,131 | 20,387 | (49,131) | 20,387 |
| City of Toronto – forgivable grants | 1,262,402 | - | (1,262,402) | - |
| Hospital grants | 181,919 | 95,136 | (172,465) | 104,590 |
| Ministry of Health and Long-Term Care | 282,417 | - | - | 282,417 |
| United Way | <u>1,559</u> | <u>-</u> | <u>-</u> | <u>1,559</u> |
| | <u>\$ 3,234,958</u> | <u>\$ 226,515</u> | <u>\$ (2,008,888)</u> | <u>\$ 1,452,585</u> |

9. Mortgages payable

| | <u>2024</u> | <u>2023</u> |
|-----------------------|---------------------|---------------------|
| Mortgages payable | \$ 5,097,554 | \$ 6,180,434 |
| Less: current portion | <u>(1,101,148)</u> | <u>(1,194,741)</u> |
| | <u>\$ 3,996,406</u> | <u>\$ 4,985,693</u> |

Mortgages are held on properties for which the Organization receives grant funding from the Ministry of Health and Long-Term Care. The Organization cannot dispose of any properties during the mortgage term. The Ministry of Health and Long-Term Care guarantees payment of principal and interest.

The mortgages payable are secured by real property. Rates of interest vary from 0.68% to 6.67% with maturity dates from July 2024 to November 2027.

LOFT Community Services

Notes to the financial statements

March 31, 2024

9. Mortgages payable (continued)

Scheduled principal payments on long-term debt over the next four fiscal years are as follows:

| | |
|------|---------------------|
| 2025 | \$ 1,101,148 |
| 2026 | 3,565,354 |
| 2027 | 56,890 |
| 2028 | <u>374,162</u> |
| | <u>\$ 5,097,554</u> |

Long-term obligations which are scheduled to mature within one year from the date of the statement of financial position where an agreement to refinance is not in place, have been included in current liabilities.

10. Bank facilities

The Organization has an available line of credit of \$1,500,000 (2023 - \$1,500,000), bearing interest at bank prime plus 0.75% (7.70% at June 30, 2024), which is unsecured and was unused at March 31, 2024, and March 31, 2023.

11. Detailed summary of fund balances

| | April 1, 2023 | Excess (Deficiency) of Revenue over Expenses | Transfers | March 31, 2024 |
|---|----------------------|--|-----------------------|-----------------------------|
| Mission Funds | \$ 27,419,835 | \$ 3,663,923 | \$ (2,035,594) | \$ 29,048,164 |
| Program Designated Funds (see below) | <u>312,540</u> | <u>-</u> | <u>-</u> | <u>312,540</u> |
| Total Designated Funds | 27,732,375 | 3,663,923 | (2,035,594) | 29,360,704 |
| Operating Fund | <u>-</u> | <u>902,942</u> | <u>(902,942)</u> | <u>-</u> |
| Total General Funds – 2024 | <u>\$ 27,732,375</u> | <u>\$ 4,566,865</u> | <u>\$ (2,938,536)</u> | <u>\$ 29,360,704</u> |
| Total General Funds – 2023 | <u>\$ 27,480,965</u> | <u>\$ 981,339</u> | <u>\$ (729,929)</u> | <u>\$ 27,732,375</u> |
| Capital Asset Fund | \$ 48,652,587 | \$ 4,970,236 | \$ 3,338,522 | \$ 56,961,345 |
| Capital Reserve Fund | <u>1,691,634</u> | <u>1,350,143</u> | <u>(399,986)</u> | <u>2,641,791</u> |
| Total Restricted Funds – 2024 | <u>\$ 50,344,221</u> | <u>\$ 6,320,379</u> | <u>\$ 2,938,536</u> | <u>\$ 59,603,136</u> |
| Total Restricted Funds – 2023 | <u>\$ 44,270,277</u> | <u>\$ 5,344,015</u> | <u>\$ 729,929</u> | <u>\$ 50,344,221</u> |

LOFT Community Services

Notes to the financial statements

March 31, 2024

11. Detailed summary of fund balances (continued)

Currently the Organization has the following Program Designated Funds:

| | <u>2024</u> | <u>2023</u> |
|----------------|-------------------|-------------------|
| Youth Programs | <u>\$ 312,540</u> | <u>\$ 312,540</u> |

12. Grant funding

| | <u>General Funds</u> | <u>Restricted Funds</u> | <u>2024</u> | | <u>2023</u> | |
|---|--------------------------|-----------------------------|----------------------|-------------|----------------------|-------------|
| Ministry of Health and Long-Term Care | \$ 8,779,546 | \$ 2,581,300 | \$ 11,360,846 | 13% | \$ 12,153,776 | 16% |
| Ministry of Community and Social Services | 177,811 | - | 177,811 | 0% | 200,050 | 0% |
| Ministry of Children and Youth Mental Health | 719,089 | 74,144 | 793,233 | 1% | 785,913 | 1% |
| Ministry for Seniors and Accessibility | - | - | - | 0% | 19,946 | 0% |
| Ontario Health Toronto | 42,706,886 | 247,575 | 42,954,461 | 48% | 29,978,902 | 40% |
| Ontario Health Central | 16,292,770 | 67,363 | 16,360,133 | 18% | 16,880,095 | 22% |
| Ontario Health Central - Muskoka | - | - | - | 0% | 4,969,696 | 6% |
| | <u>68,676,102</u> | <u>2,970,382</u> | <u>71,646,484</u> | <u>80%</u> | <u>64,988,378</u> | <u>85%</u> |
| Other: | | | | | | |
| Blue Doors Shelter | 56,807 | - | 56,807 | 0% | 42,870 | 0% |
| Canadian Mortgage Housing Corporation | 150,000 | - | 150,000 | 0% | - | 0% |
| Habitat Services | 396,899 | - | 396,899 | 0% | 362,379 | 0% |
| Hospital Grants | 7,602,962 | 73,757 | 7,676,719 | 9% | 5,766,623 | 8% |
| Madison Community Services | 194,676 | - | 194,676 | 0% | 236,300 | 0% |
| Municipal and County St. Clare's Multifaith Housing Society | 4,037,635 | 5,225,765 | 9,263,400 | 11% | 4,353,594 | 7% |
| University funding | 357,460 | - | 357,460 | 0% | 349,190 | 0% |
| WoodGreen Community Services | 186,000 | - | 186,000 | 0% | 186,039 | 0% |
| | <u>250,360</u> | <u>-</u> | <u>250,360</u> | <u>0%</u> | <u>267,923</u> | <u>0%</u> |
| | <u>13,232,799</u> | <u>5,299,522</u> | <u>18,532,321</u> | <u>20%</u> | <u>11,564,918</u> | <u>15%</u> |
| | <u>\$ 81,908,901</u> | <u>\$ 8,269,904</u> | <u>\$ 90,178,805</u> | <u>100%</u> | <u>\$ 76,553,296</u> | <u>100%</u> |

The funders have the right to adjust funding received by the Organization and the funders are not required to communicate certain funding adjustments until after the submission of year-end data. Since this data is not submitted until after the completion of the financial statements, the amount of grant funding received by the Organization during the year may be increased or decreased subsequent to year end.

LOFT Community Services Notes to the financial statements

March 31, 2024

12. Grant funding (continued)

- a) The Organization has a contract with the City of Toronto Shelter, Support & Housing Administration for St. Anne's Place. A reconciliation report which is submitted to the City of Toronto as part of its year end reporting requirements summarizes the rent geared to income received at St. Anne's Place and the rent supplement subsidy received adjusted for vacancy.

| | |
|-------------------------------------|-------------------|
| Annual rent-geared to income rent | <u>\$ 618,577</u> |
| Rent supplement subsidy | \$ 703,223 |
| Vacancy adjustment | <u>7,538</u> |
| Net subsidy calculated for the year | <u>\$ 710,761</u> |

- b) The Organization has a Ministry Agreement with the AIDS Bureau Funding Program. A reconciliation report which is submitted to the AIDS Bureau as part of its year end reporting requirements summarizes all revenue and expenditures and identifies any resulting surplus or deficit that relates to the Ministry Agreement.

A review of this report shows the following as at March 31, 2024:

| | |
|----------------------|------------|
| Funding received | \$ 325,710 |
| Expenses incurred | \$ 271,362 |
| Expenses capitalized | \$ 14,167 |

13. Fundraising expenses

Fundraising expenses in the amount of \$901,479 (2023 - \$825,687) were incurred to generate donations revenue and are included as expenses of the Operating Fund as part of salaries and wages and administration.

14. Interfund transfers

Transfers were made from the Designated Funds to the Operating Fund to fund operating deficits, and to the Capital Asset Fund to finance the purchase of capital assets.

LOFT Community Services

Notes to the financial statements

March 31, 2024

15. Defined benefit pension plan

Effective January 1, 2022, all employees of the Organization participate in the General Synod Pension Plan, which is a multi-employer contributory defined benefit pension plan. Previously the employees of the Organization participated in a defined contribution pension plan. The General Synod Pension Plan is a defined benefit plan that specifies the amount of the retirement benefits to be received by the employees based on the length of service and rates of pay. Pension contributions on behalf of eligible employees for the year amounted to \$1,648,856 (2023 - \$1,276,870).

The most recent actuarial valuation of the General Synod Pension Plan as at December 31, 2022, indicated net assets available for benefits of \$1.04 billion with pension obligations of \$830 million, resulting in an actuarial surplus of \$213 million. The regulations state that employers are not required to fund actuarially determined funding deficiencies that may occur from time to time. The next valuation will be completed as of December 31, 2025.

16. Commitments and contingency

Commitments

The Organization has operating lease agreements for premises and equipment expiring up to May 2032 with approximate minimum annual lease payments in each of the next five years as follows:

| | | |
|------|----|-----------|
| 2025 | \$ | 4,568,161 |
| 2026 | | 3,978,118 |
| 2027 | | 3,525,438 |
| 2028 | | 3,212,150 |
| 2029 | | 2,904,797 |

Contingency

A claim has been made against the Organization for damages in the amount of \$5,000,000, which is in dispute. Management's position is that the claim is not reasonable and the amount at which this claim will be settled, if any, is not determinable based on the information currently available.

LOFT Community Services

Notes to the financial statements

March 31, 2024

17. Financial instruments and risk

Financial instruments

The Organization has a risk management framework to monitor, evaluate and manage the principal risks assumed with its financial instruments. The risks that arise from financial instruments include credit risk, market risk and interest rate risk. It is management's opinion that the Organization is not exposed to significant currency or concentration risks arising from its financial instruments, and these risks remain consistent with the prior year.

Credit risk

The Organization has determined that the financial assets with credit risk exposure are receivables since failure of any of these parties to fulfill their obligations could result in significant financial losses for the Organization. The entity is also exposed to concentration risk. The balances held with the financial institutions are in excess of the Canadian Deposit Insurance Corporation Limits.

Market risk

The Organization is subject to market risk on the investments. These investments are subject to market risk such that the fair value of these investments may change as a result of factors specific to a particular investment or as a result of factors affecting all instruments trading in the market. The Organization manages this risk by using a professional portfolio manager with oversight by the Organization's Portfolio Investment Committee and maintaining a diversified portfolio with a mix of bonds, fixed income fund and equity funds. In relation to the infrastructure fund, the assets of the underlying portfolio are illiquid and there is no assurance that the assets of the portfolio including the underlying limited partnerships will be able to realize their investments in a timely manner. If the underlying limited partnerships elected to liquidate their infrastructure investments to fund unit redemption, the proceeds might be significantly less than the aggregate carrying value of the investments.

Interest rate risk

The Organization's earnings are exposed to the interest rate risk that arises from fluctuations in interest rates and the degree of volatility of these rates. The Organization does not use derivative instruments to reduce its exposure to interest rate risk.

Liquidity risk

The Organization's liquidity risk represents the risk that the Organization could encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is, therefore, exposed to liquidity risk with respect to its payables and accruals and mortgages payable.

18. Comparative figures

Comparative figures have been reclassified to conform with current year presentation.