

Montage Support Services

Financial Statements

March 31, 2015

Montage Support Services

Year ended March 31, 2015

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INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF MONTAGE SUPPORT SERVICES

I have audited the accompanying financial statements of Montage Support Services, which comprise the statement of financial position as at March 31, 2015 and statement of operations and changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, Montage Support Services derives revenue from fundraising and donations from the public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the Organization. Therefore, I was not able to determine whether any adjustments might be necessary to revenue, net revenue for the year, assets and net assets.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Montage Support Services as at March 31, 2015, and its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

The financial statements of Montage Support Services for the year ended March 31, 2014, were audited by another auditing firm who expressed a qualified opinion on those financial statements on August 28, 2015.



Denis Paganelli, CPA, CA
Licensed Public Accountant

July 14, 2015
Toronto, Canada

Montage Support Services

Statement of Financial Position

As At March 31, 2015

				2015	2014
	Operating Fund	Capital Asset Fund	Millennium Endowment Fund	Total	Total
Assets					
Current assets					
Cash	\$ 206,179	\$ -	\$ 21,026	\$ 227,205	\$ 27,957
Amounts receivable	261,204	-	-	261,204	126,974
HST receivable	88,651	-	-	88,651	180,107
Prepaid expenses	3,350	-	-	3,350	3,978
Interfund balances (note 3)	1,282,073	(1,715,025)	432,952	-	-
	1,841,457	(1,715,025)	453,978	580,410	339,016
Capital assets (note 4)	-	2,222,930	-	2,222,930	2,155,998
	\$1,841,457	\$ 507,905	\$ 453,978	\$ 2,803,340	\$ 2,495,014
Liabilities and Net Assets					
Current liabilities					
Bank indebtedness (note 5)	\$ -	\$ -	\$ -	\$ -	\$ 162,767
Accounts payable and accrued liabilities	880,986	-	-	880,986	474,566
Government remittances payable	92,782	-	-	92,782	73,735
Due to Larry Meehan Housing Corporation	45,876	-	-	45,876	71,913
Deferred revenue – current (note 6)	-	122,144	-	122,144	120,419
Mortgage payable – current (note 8)	-	8,425	-	8,425	8,000
	1,019,644	130,569	-	1,150,213	911,400
Deferred revenue (note 6)	-	1,219,266	23,240	1,242,506	1,297,375
Mortgage payable (note 8)	-	233,505	-	233,505	242,000
	1,019,644	1,583,340	23,240	2,626,224	2,450,775
Net assets					
Unrestricted	821,813	-	-	821,813	656,617
Internally restricted	-	-	430,738	430,738	401,801
Externally restricted	-	(1,075,435)	-	(1,075,435)	(1,014,179)
	821,813	(1,075,435)	430,738	177,116	44,239
	\$1,841,457	\$ 507,905	\$ 453,978	\$ 2,803,340	\$ 2,495,014

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

Montage Support Services

Statement of Operations and Changes in Net Assets

Year ended March 31, 2015

				2015	2014
	Operating Fund	Capital Asset Fund	Millennium Endowment Fund	Total	Total
Revenue					
Ministry of Community and Social Services - subsidies	\$8,956,720	\$ -	\$ -	\$8,956,720	\$8,716,480
Ontario Disability Support Program	771,453	-	-	771,453	755,080
Management fee	48,000	-	-	48,000	48,000
Delisle support revenue	162,908	-	-	162,908	116,162
Respite fee revenue	67,953	-	-	67,953	27,764
Service fees	253,750	-	-	253,750	162,356
Rental income	198,391	-	-	198,391	182,809
Gain on sale of property	-	-	-	-	132,500
Amortization of deferred revenue	-	122,144	-	122,144	93,716
Fundraising and donations revenue	-	-	28,937	28,937	22,523
	10,459,175	122,144	28,937	10,610,256	10,257,390
Expense					
Salaries, contract wages, purchased services and related benefits	8,222,980	-	-	8,222,980	7,553,292
Program costs	1,090,230	-	-	1,090,230	981,372
Occupancy costs	836,134	-	-	836,134	883,614
Administrative	144,635	-	-	144,635	193,572
Amortization	-	172,825	-	172,825	151,512
Mortgage interest	-	10,575	-	10,575	-
	10,293,979	183,400	-	10,477,379	9,763,362
Net revenue (expense) for the year	165,196	(61,256)	28,937	132,877	494,028
Net assets, beginning of year	656,617	(1,014,179)	401,801	44,239	(449,789)
Net assets, end of year	\$ 821,813	\$ (1,075,435)	\$ 430,738	\$ 177,116	\$ 44,239

See accompanying notes to financial statements.

Montage Support Services

Statement of Cash Flows

Year ended March 31, 2015

				2015	2014
	Operating Fund	Capital Assets Fund	Millennium Endowment Fund	Total	Total
Cash provided by (used in):					
Operating activities					
Net revenue (expense) for the year	\$ 165,196	\$ (61,256)	\$ 28,937	\$ 132,877	\$ 494,028
Adjustment for items not affecting cash:					
Amortization of capital assets	-	172,825	-	172,825	151,512
Amortization of deferred revenue (note 6)	-	(122,144)	-	(122,144)	(93,716)
Gain on disposal of Ballantyne property	-	-	-	-	(154,940)
Loss on disposal of Ballantyne leaseholds	-	-	-	-	22,440
	165,196	(10,575)	28,937	183,558	419,324
Net change in non-cash working capital balances related to operations	203,750	189,402	(35,868)	357,284	(430,320)
	368,946	178,827	(6,931)	540,842	(10,996)
Financing and investing activities					
Purchase of capital assets	-	(239,757)	-	(239,757)	(576,072)
Proceeds received on sale of property	-	-	-	-	778,999
Proceeds received for capital asset purchases	-	69,000	-	69,000	-
Repayment of mortgage payable	-	(8,070)	-	(8,070)	(290,804)
Proceeds received for mortgage	-	-	-	-	250,000
	-	(178,827)	-	(178,827)	162,123
Increase (decrease) in cash during the year	368,946	-	(6,931)	362,015	151,127
Cash, (Bank indebtedness), beginning of year	(162,767)	-	27,957	(134,810)	(285,937)
Cash (Bank indebtedness), end of year	\$ 206,179	\$ -	\$ 21,026	\$ 227,205	\$ (134,810)
Cash (Bank indebtedness), end of year consists of:					
Cash	\$ 206,179	\$ -	\$ 21,026	\$ 227,205	\$ 27,957
Bank indebtedness	-	-	-	-	(162,767)
	\$ 206,179	\$ -	\$ 21,026	\$ 227,205	\$ (134,810)

See accompanying notes to financial statements.

Montage Support Services

Notes to Financial Statements

Year ended March 31, 2015

1. Purpose and legal form of the organization

Montage Support Services is incorporated under the Ontario Business Corporations Act as a not-for-profit organization without share capital and is exempt from income taxes as a registered charity under the Income Tax Act.

Montage Support Services is committed to providing quality support to people with disabilities. Through a shared focus of family, staff, volunteers, Montage promotes opportunities for individual growth, ensuring dignity and respect. Montage's dynamic response to change challenges Montage to take risks and open new doors to excellence.

2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies:

(a) Fund accounting

Revenues and expenses for program activities and administration are reported in the Operating Fund.

The unamortized cost of capital assets as well as funding received and loans to finance the acquisition of capital assets are reported in the Capital Asset Fund.

The Millennium Endowment Fund was established by the Board of Directors in March 2000 for the purpose of funding capital and program related expenses that are not fully funded by government contributions.

(b) Revenue Recognition

Contributions

Montage Support Services follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Contributions – grants

Grants received for the purchase of capital assets are recognized as revenue in the same period and at the same rate that the capital assets are amortized.

Rental income

Rental income is recognized in the fiscal year that the rental relates to.

Management fees

Management fees are charged in the year that they relate to.

Service and other fees

Service and other fees are recognized as revenue in the year that the services are provided.

Montage Support Services

Notes to Financial Statements

Year ended March 31, 2015

2. Significant accounting policies (continued)

(c) Capital assets

Capital assets are recorded at cost in the Capital Asset Fund except Land and buildings purchased prior to 1997 with an approximate cost of \$2,800,000, which were funded by the Ministry of Community and Social Services, were expensed in the year of acquisition (see note 4) . Contributed capital assets are recorded at fair value at the date of contribution.

Amortization is provided on a straight-line basis over the estimated useful lives of the capital assets at the following annual rates:

Buildings and improvements	5%
Computers	33.33%
Condominiums	5%
Elevators	20%
Furniture and Equipment	20%
Software	33.33%
Vans	30%

(d) Financial Instrument measurement

Montage Support Services initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and liabilities at amortized cost.

Financial assets measured at amortized cost include cash, amounts receivable and HST receivable.

Financial liabilities measured at amortized cost include bank indebtedness, accounts payable and accrued liabilities, government remittances payable, due to Larry Meehan Housing Corporation and mortgage payable.

(e) Cash and cash equivalents

Montage Support Service's policy is to present bank balances and bank indebtedness under cash and cash equivalents.

3. Interfund balances

The interfund balances are non-interest bearing and are payable on demand.

4. Capital assets

			2015	2014
	Cost	Accumulated amortization	Net	Net
Land and Buildings	\$ 1,885,457	\$ 827,586	\$ 1,057,871	\$ 1,015,375
Condominiums	1,724,266	579,636	1,144,630	1,140,623
Computers	163,117	143,652	19,465	-
Furniture and equipment	137,681	136,717	964	-
	\$ 3,910,521	\$ 1,687,591	\$ 2,222,930	\$ 2,155,998

Montage Support Services

Notes to Financial Statements

Year ended March 31, 2015

5. Bank indebtedness

Montage Support Services has an operating loan facility of \$450,000 of which \$450,000 was unused as at March 31, 2015 (2014 - \$379,568). The loan facility bears interest at the bank's prime rate plus 1.75%, is due on demand and is secured by a general security agreement which covers all assets of the organization.

6. Deferred revenue

Montage Support Services receives capital grants from the Ministry of Community and Social Services to fund the purchases of its properties. These grants are being amortized to revenue in a basis consistent with the amortization expense from the properties that were purchased with the grant funds.

Capital Asset Fund

	2015	2014
Balance, beginning of year	\$ 1,394,554	\$ 954,211
Add amounts received and receivable in the year	69,000	534,059
Less amounts recognized as revenue in the year	(122,144)	(93,716)
Balance, end of year	\$ 1,341,410	\$ 1,394,554

Millennium Endowment Fund

	2015	2014
Balance, beginning of year	\$ 23,240	\$ 23,240
Add amounts received and receivable in the year	-	-
Less amounts recognized as revenue in the year	-	-
Balance, end of year	\$ 23,240	\$ 23,240

7. Related party transactions

Montage Support Services and Larry Meehan Housing Corporation (formerly called MSS Housing Corporation) are related entities by having common management and board members.

The amount due to Larry Meehan Housing Corporation is non-interest bearing and due on demand.

The following transactions occurred in the normal course of operations and are recorded at fair value:

	2015	2014
1. Rent paid to Larry Meehan Housing Corporation	\$ 195,549	\$ 188,000
2. Maintenance fees paid to Larry Meehan Housing Corporation	197,120	194,000
3. Management fees received from Larry Meehan Housing Corporation	48,000	48,000

Montage Support Services

Notes to Financial Statements

Year ended March 31, 2015

8. Mortgage payable

	2015	2014
Mortgage on 337 Burnhamthorpe Road, bears interest at 4.33% per annum, repayable in monthly instalments of principal and interest of \$1,534 maturing on March 27, 2019	\$ 241,930	\$ 250,000
Less current portion	(8,425)	(8,000)
Balance, end of year	\$ 233,505	\$ 242,000

Principal payments due in each of the next five years are approximately as follows:

Year	Amount
2016	\$8,425
2017	\$8,700
2018	\$9,100
2019	\$9,500
2020	\$197,780

9. Contingencies

There are grievances filed by employees that remain outstanding for which loss or gain is not determinable.

10. Financial instruments

Montage Support Services is exposed to various risks with respect to its financial instruments. The following analysis presents the organization's exposure to significant risks at the reporting date, i.e. March 31, 2015.

Credit Risk

The organization is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. It is exposed to credit risk with respect to its amounts receivable. The risk has not changed from the prior year.

Interest Rate Risk

The organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of its bank indebtedness and mortgage payable. The risk has not changed from the prior year.

Montage Support Services

Notes to Financial Statements

Year ended March 31, 2015

11. Government assistance

Montage Support Services has a service contract with the Ministry of Community and Social Services (MCSS), in which one requirement of the contract is the production by Management of a Transfer Payment Annual Reconciliation (TPAR) which shows a summary by service of all revenues and expenditures and any resulting surplus or deficit that relates to the contract. The following is the surplus/deficit position of the year ended March 31, 2015 on each of the contracts. Net expenses have been allocated to the contracts pro rata based on the approved budget.

Detail Code	Service Name	MCSS Funding	Net Expenses	Surplus (Deficit)
8847	ACL Group Living Supports	\$ 7,557,645	\$ 7,558,251	\$ (606)
9130	DS Caregiver	354,233	354,509	(276)
9131	DS Community Participation Services	49,142	49,549	(407)
8847	ACL Group Living Supports	725,013	725,788	(775)
9112	DS Supported Independent Living	45,687	46,523	(836)
9132	DS Professional and Specialized Services	100,000	100,055	(55)
8847	ACL Group Living Supports	65,000	65,530	(530)
9110	DS Intensive Support Residences	60,000	60,439	(439)
8915	Partner Facility Renewal – Capital	48,000	48,000	–
8917	Partner Facility Renewal – Firecode	21,000	21,000	–
		\$ 9,025,720	\$ 9,029,644	\$ (3,924)