



Financial Statements

CHATS-Community & Home Assistance to
Seniors

March 31, 2021

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 13

Independent Auditor's Report

Grant Thornton LLP
Suite 200
15 Allstate Parkway
Markham, ON
L3R 5B4
T +1 416 366 0100
F +1 905 475 8906

To the Members of
CHATS-Community & Home Assistance to Seniors

Opinion

We have audited the financial statements of CHATS-Community & Home Assistance to Seniors (the "Organization"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CHATS-Community & Home Assistance to Seniors as at March 31, 2021, and its results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of 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.



Markham, Canada
June 16, 2021

Chartered Professional Accountants
Licensed Public Accountant

CHATS-Community & Home Assistance to Seniors

Statement of Financial Position

March 31 2021 2020

Assets

Current

Cash	\$ 1,760,860	\$ 2,062,743
Restricted cash (Note 3)	165,595	75,073
Short term investments	1,275,000	516,545
Accounts receivable	280,242	281,144
Prepaid expenses	<u>254,132</u>	<u>278,958</u>
	3,735,829	3,214,463

Capital assets (Note 4)

253,724 342,944

\$ 3,989,553 **\$ 3,557,407**

Liabilities

Current

Payables and accruals (Note 5)	\$ 1,967,041	\$ 1,618,850
Deferred contributions (Note 6)	<u>230,240</u>	<u>283,965</u>
	2,197,281	1,902,815

Deferred capital contributions (Note 7)

253,724 335,656

2,451,005 **2,238,471**


Net assets

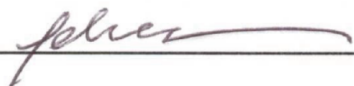
Funds invested in capital assets (Note 8)	-	7,288
Growth and Stabilization Fund (Note 11)	<u>1,538,548</u>	<u>1,311,648</u>
	<u>1,538,548</u>	<u>1,318,936</u>

\$ 3,989,553 **\$ 3,557,407**

Commitments (Note 10)

On behalf of the Board


 _____ Director


 _____ Director

See accompanying notes to the financial statements.

CHATS-Community & Home Assistance to Seniors

Statement of Operations

Year ended March 31	2021	2020
Revenue		
Government funding (Note 13)	\$ 17,579,004	\$ 16,010,361
Service recipient fees	1,863,794	2,787,076
Grants (Note 14)	630,185	528,361
Donations	363,094	286,481
Amortization of deferred capital contributions	132,428	157,687
Interest and other	<u>32,785</u>	<u>131,099</u>
	<u>20,601,290</u>	<u>19,901,065</u>
Expenses		
Salaries and wages	13,289,652	12,761,753
Employee benefits	1,522,953	1,589,805
Program and other operating costs	1,643,179	1,713,177
Contracted out services	1,010,207	1,449,133
Building and grounds	1,043,295	1,056,406
Equipment maintenance	1,146,839	870,090
Supplies	585,837	240,283
Amortization of capital assets	<u>139,716</u>	<u>159,917</u>
	<u>20,381,678</u>	<u>19,840,564</u>
Excess of revenue over expenses for the year	<u>\$ 219,612</u>	<u>\$ 60,501</u>

See accompanying notes to the financial statements.

CHATS-Community & Home Assistance to Seniors

Statement of Changes in Net Assets

	<u>Invested in Capital Assets</u>	<u>Growth and Stabilization Fund</u>	<u>Total</u>
Net assets, March 31, 2019	\$ 9,518	\$ 1,248,917	\$ 1,258,435
Excess of revenue over expenses for the year	-	60,501	60,501
Change in funds invested in capital assets (Note 8)	<u>(2,230)</u>	<u>2,230</u>	<u>-</u>
Net assets, March 31, 2020	7,288	1,311,648	1,318,936
Excess of revenue over expenses for the year	-	219,612	219,612
Change in funds invested in capital assets (Note 8)	<u>(7,288)</u>	<u>7,288</u>	<u>-</u>
Net assets, March 31, 2021	<u>\$ -</u>	<u>\$ 1,538,548</u>	<u>\$ 1,538,548</u>

See accompanying notes to the financial statements.

CHATS-Community & Home Assistance to Seniors

Statement of Cash Flows

Year ended March 31 2021 2020

Increase (decrease) in cash

Operating

Excess of revenue over expenses for the year	\$ 219,612	\$ 60,501
Adjustments to reconcile excess of revenue over expenses with net cash provided by operating activities		
Amortization of capital assets	139,716	159,917
Amortization of deferred capital contributions	<u>(132,428)</u>	<u>(157,687)</u>
	226,900	62,731
Change in non-cash working capital balances		
Accounts receivable	902	69,992
Prepaid expenses	24,826	(24,877)
Payables and accruals	348,191	200,341
Deferred contributions	<u>(53,725)</u>	<u>181,730</u>
	<u>547,094</u>	<u>489,917</u>

Investing

Purchase of investments	(758,455)	(11,613)
Purchase of capital assets	<u>(50,496)</u>	<u>(183,256)</u>
	<u>(808,951)</u>	<u>(194,869)</u>

Financing

Receipt of deferred capital contributions	<u>50,496</u>	<u>183,256</u>
---	---------------	----------------

Net (decrease) increase in cash (211,361) 478,304

Cash and restricted cash, beginning of year 2,137,816 1,659,512

Cash and restricted cash, end of year **\$ 1,926,455** \$ 2,137,816

Represented by

Cash	\$ 1,760,860	\$ 2,062,743
Restricted cash	<u>165,595</u>	<u>75,073</u>
	<u>\$ 1,926,455</u>	<u>\$ 2,137,816</u>

See accompanying notes to the financial statements.

CHATS-Community & Home Assistance to Seniors

Notes to the Financial Statements

March 31, 2021

1. Nature of operations

CHATS-Community & Home Assistance to Seniors ("CHATS", "the Organization") is incorporated as an organization without share capital under the laws of the Province of Ontario. CHATS' mission is to advocate for and deliver high quality, person-centred home and community services, providing dignity and choice for aging at home. CHATS' vision is a world where older adults live best at home and in their communities.

CHATS is a registered charity and, as such, is exempt from income taxes under the Income Tax Act (Canada).

2. Summary of significant accounting policies

The significant accounting policies followed in preparation of these financial statements are as follows:

Basis of presentation

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Revenue recognition

The Organization follows the deferral method of accounting for revenue, whereby restricted sources of revenue are recognized as revenue in the year in which the related expenses are incurred. Unrestricted sources of revenue, which includes government funding, service recipient fees and unrestricted donations are recognized as revenue when received or receivable. Grant revenue and restricted donations are deferred and recognized as revenue when the related restrictions are met and the expenses are incurred.

All other revenue is generally recognized in the accounts on the accrual basis as the service is provided.

Short term investments

Short term investments consist of cashable guaranteed investment certificates (GIC) maturing within one year. The GICs earn interest at a rate of 0.45% (2020 - 1.55%).

CHATS-Community & Home Assistance to Seniors

Notes to the Financial Statements

March 31, 2021

2. Summary of significant accounting policies (continued)

Capital assets

Capital assets are recorded at cost less accumulated amortization. Contributed capital assets are capitalized at fair market value at the date of contribution. Capital assets are amortized on a straight-line basis as follows:

Leasehold improvements	over the average term of the lease
Computer software and database	3 to 5 years
Computer equipment	3 years
Furniture and equipment	5 years
Automotive equipment	4 years

The Organization reviews capital assets for impairment whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable and exceeds its fair value. The impairment loss, if any, is the excess of carrying value over fair value.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, the financial instruments are reported at cost or amortized cost less impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue are charged to the financial instrument for those measured at amortized cost.

Credit risk refers to the risk that the fair value of the financial instruments or future cash flows associated with the instruments will fluctuate due to changes in the collectability of receivables. Credit risk associated with accounts receivable is minimized by the Organization's large and diverse customer base, and monitoring the aging of accounts outstanding. This risk has not changed from the prior year.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Contributed materials

Contributed materials are recognized in these financial statements when the amounts are reasonably determinable based on fair market value. Included in donations and grants is revenue in kind with a fair market value of \$6,862 (2020 - \$3,448).

Employee benefit plan

Contributions to a defined contribution pension plan are expensed when due.

CHATS-Community & Home Assistance to Seniors

Notes to the Financial Statements

March 31, 2021

2. Summary of significant accounting policies (continued)

Volunteer services

The work of CHATS is dependent on the volunteer services of many members and others. The nature and amount of volunteer services are not reflected in these financial statements because of the difficulty of determining their fair value.

Remuneration of Board of Directors

Members of the Board of Directors and its committees are volunteers who serve without remuneration.

Deferred capital contributions

Deferred capital contributions represent funds to be used to cover costs incurred on specific capital assets. Deferred capital contributions are amortized concurrently with the amortization of capital assets acquired.

Funds invested in capital assets

Funds invested in capital assets account represents funds used for the acquisition of capital assets.

3. Restricted cash

Restricted cash of \$165,595 (2020 - \$75,073) represents funds restricted for programs approved by the Central Local Health Integration Network (or Central LHIN).

CHATS has an available operating line of credit of \$300,000 (2020 - \$300,000) which is repayable on demand and bears interest at the bank's prime rate plus 1.5% (2020 - bank prime plus 1.5 %). The line of credit is collateralized by a general security agreement. At March 31, 2021 and 2020, no amounts were outstanding against the line.

4. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2021 Net Book Value</u>	<u>2020 Net Book Value</u>
Leasehold improvements	\$ 710,739	\$ 658,750	\$ 51,989	\$ 90,210
Computer software and database	34,208	34,208	-	-
Computer equipment	136,638	136,638	-	-
Furniture and equipment	302,296	283,920	18,376	29,583
Automotive equipment	<u>415,792</u>	<u>232,433</u>	<u>183,359</u>	<u>223,151</u>
	<u>\$ 1,599,673</u>	<u>\$ 1,345,949</u>	<u>\$ 253,724</u>	<u>\$ 342,944</u>

CHATS-Community & Home Assistance to Seniors

Notes to the Financial Statements

March 31, 2021

5. Payables and accruals

Included in accounts payable and accrued liabilities are government remittances payable of \$111,451 (2020 - \$88,981).

6. Deferred contributions

Deferred contributions include unspent grants and restricted donations representing funding received in the current year that is related to subsequent years. The change in the deferred contributions balance is as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 283,965	\$ 102,235
Amounts received	589,449	712,082
Less: amounts recognized as revenue during the year	<u>(643,174)</u>	<u>(530,352)</u>
Balance, end of year	<u>\$ 230,240</u>	<u>\$ 283,965</u>

7. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of Central LHIN funding and donations received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations. The deferred capital contributions balance is comprised as follows:

	<u>2021</u>	<u>2020</u>
Contributions received for capital purposes	\$ 1,574,641	\$ 1,754,737
Less: accumulated amortization	<u>(1,320,917)</u>	<u>(1,419,081)</u>
	<u>\$ 253,724</u>	<u>\$ 335,656</u>

The changes in the deferred capital contributions balance are as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 335,656	\$ 310,087
Contributions received during the year	50,496	183,256
Amortization of deferred capital contributions	<u>(132,428)</u>	<u>(157,687)</u>
Balance, end of year	<u>\$ 253,724</u>	<u>\$ 335,656</u>

CHATS-Community & Home Assistance to Seniors

Notes to the Financial Statements

March 31, 2021

8. Funds invested in capital assets

Funds invested in capital assets consist of the following:

	<u>2021</u>	<u>2020</u>
Capital assets, net of accumulated amortization	\$ 253,724	\$ 342,944
Less: amounts financed by deferred capital contributions	<u>(253,724)</u>	<u>(335,656)</u>
	<u>\$ -</u>	<u>\$ 7,288</u>

The change in funds invested in capital assets is calculated as follows:

	<u>2021</u>	<u>2020</u>
Purchase of capital assets	\$ 50,496	\$ 183,256
Amortization of deferred capital contributions	<u>132,428</u>	<u>157,687</u>
Increase in net assets invested in capital assets	<u>182,924</u>	<u>340,943</u>
Amortization of capital assets	(139,716)	(159,917)
Deferred capital contributions received to finance purchases of capital assets	<u>(50,496)</u>	<u>(183,256)</u>
Decrease in net assets invested in capital assets	<u>(190,212)</u>	<u>(343,173)</u>
Change in net assets invested in capital assets	<u>\$ (7,288)</u>	<u>\$ (2,230)</u>

9. Pension plan

CHATS sponsors a defined contribution pension plan for all salaried employees. During 2021, CHATS contributed \$96,152 (2020 - \$93,335) to this pension plan. This amount is included within employee benefits on the statement of operations.

10. Lease commitments

CHATS operates from various leased premises and has vehicle leases for vehicles used for its transportation services. The future minimum lease payments which are inclusive of realty taxes, operating costs and HST for the next five years are as follows:

2022	\$ 1,016,322
2023	879,993
2024	720,706
2025	502,670
2026	328,470
Thereafter	<u>1,289,377</u>
	<u>\$ 4,737,538</u>

CHATS-Community & Home Assistance to Seniors

Notes to the Financial Statements

March 31, 2021

11. Growth and Stabilization Fund

The Growth and Stabilization Fund represents accumulated operating revenues in excess of accumulated operating expenses from programs not funded by the Central LHIN. This internally restricted fund has been accumulated to provide for the short-term operational requirements of the Organization and to provide funds for strategic initiatives. The Board of Directors reviews the Growth and Stabilization Fund balance and policy on a regular basis.

12. Economic dependence

Approximately 85% (2020 - 80%) of the Organization's revenues are derived from the Central LHIN funding. Should Central LHIN, or its successor, cease funding the Organization, CHATS would either continue to operate at a greatly reduced capacity or cease operations.

13. Government funding

	<u>2021</u>	<u>2020</u>
Central LHIN	\$ 17,579,004	\$ 15,996,231
Home and Community Care	<u>-</u>	<u>14,130</u>
	<u>\$ 17,579,004</u>	<u>\$ 16,010,361</u>

14. Grants

	<u>2021</u>	<u>2020</u>
United Way	\$ 306,327	\$ 233,830
Mackenzie Health	123,707	155,198
Centre for Independent Living in Toronto	70,775	27,463
Other	<u>129,376</u>	<u>111,870</u>
	<u>\$ 630,185</u>	<u>\$ 528,361</u>

CHATS-Community & Home Assistance to Seniors

Notes to the Financial Statements

March 31, 2021

15. COVID-19

The outbreak of a novel strain of coronavirus (“COVID-19”) was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Organization continues to operate, as it provides services deemed essential as defined by the Province of Ontario. Management has assessed the initial impact and anticipates a decline in service recipient fee revenue, however, no change in Ministry of Health (formerly the Ministry of Health and Long-Term Care) funding.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods. The Organization remains committed to adjusting its expenditures as necessary to ensure its long-term sustainability.