



Financial Statements

CHATS-Community & Home Assistance to Seniors

March 31, 2022

CHATS—Community & Home Assistance to Seniors

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Independent Auditor's Report

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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, 2022, 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, 2022, 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.

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

Markham, Canada
June 15, 2022

Chartered Professional Accountants
Licensed Public Accountant

CHATS-Community & Home Assistance to Seniors

Statement of Financial Position

March 31 2022 2021

Assets

Current

Cash	\$ 1,851,292	\$ 1,760,860
Restricted cash (Note 3)	294,202	165,595
Short term investments	1,275,000	1,275,000
Accounts receivable	554,110	489,408
Prepaid expenses	<u>289,886</u>	<u>254,132</u>
	4,264,490	3,944,995

Capital assets (Note 4) 329,318 253,724

\$ 4,593,808 **\$ 4,198,719**

Liabilities

Current

Payables and accruals (Note 5)	\$ 2,017,690	\$ 2,176,207
Deferred contributions (Note 6)	<u>185,346</u>	<u>230,240</u>
	2,203,036	2,406,447

Deferred capital contributions (Note 7) 329,318 253,724

2,532,354 **2,660,171**

Net assets

Growth and Stabilization Fund

2,061,454 1,538,548

\$ 4,593,808 **\$ 4,198,719**

Commitments (Note 10)

On behalf of the Board

DocuSigned by:

Mary Bayliss

Mary Bayliss

Board Chair

Director

DocuSigned by:

Avijet Parmar

Avijet Parmar

Board Treasurer

Director

See accompanying notes to the financial statements.

CHATS-Community & Home Assistance to Seniors

Statement of Operations

Year ended March 31	2022	2021
Revenue		
Ontario Health funding	\$ 17,347,463	\$ 17,579,004
Service recipient fees	2,273,513	1,863,794
Grants (Note 12)	466,409	630,185
Donations	330,908	363,094
Service for contracts	326,551	-
Amortization of deferred capital contributions	113,740	132,428
Interest and other	33,812	32,785
	<u>20,892,396</u>	<u>20,601,290</u>
Expenses		
Salaries and wages	13,906,830	13,289,652
Employee benefits	1,633,898	1,522,953
Program and other operating costs	1,836,047	2,124,037
Contracted out services	998,524	1,010,207
Equipment maintenance	912,726	1,146,839
Building and grounds	880,938	1,043,295
Amortization of capital assets	113,740	139,716
Supplies	86,787	104,979
	<u>20,369,490</u>	<u>20,381,678</u>
Excess of revenue over expenses	<u>\$ 522,906</u>	<u>\$ 219,612</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, 2020	\$ 7,288	\$ 1,311,648	\$ 1,318,936
Excess of revenue over expenses	-	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	\$ -	\$ 1,538,548	\$ 1,538,548
Excess of revenue over expenses	<u>-</u>	<u>522,906</u>	<u>522,906</u>
Net assets, March 31, 2022	<u>\$ -</u>	<u>\$ 2,061,454</u>	<u>\$ 2,061,454</u>

See accompanying notes to the financial statements.

CHATS-Community & Home Assistance to Seniors

Statement of Cash Flows

Year ended March 31	2022	2021
Increase (decrease) in cash and restricted cash		
Operating		
Excess of revenue over expenses	\$ 522,906	\$ 219,612
Adjustments to reconcile excess of revenue over expenditures with net cash provided by operating activities		
Amortization of capital assets	113,740	139,716
Amortization of deferred capital contributions	<u>(113,740)</u>	<u>(132,428)</u>
	522,906	226,900
Change in non-cash working capital balances		
Accounts receivable	(64,702)	902
Prepaid expenses	(35,754)	24,826
Payables and accruals	(158,517)	348,191
Deferred contributions	<u>(44,894)</u>	<u>(53,725)</u>
	<u>219,039</u>	<u>547,094</u>
Investing		
Purchase of investments	-	(758,455)
Net additions of capital assets	<u>(189,334)</u>	<u>(50,496)</u>
	<u>(189,334)</u>	<u>(808,951)</u>
Financing		
Receipt of deferred capital contributions	<u>189,334</u>	<u>50,496</u>
Net increase (decrease) in cash and restricted cash	219,039	(211,361)
Cash and restricted cash, beginning of year	<u>1,926,455</u>	<u>2,137,816</u>
Cash and restricted cash, end of year	<u>\$ 2,145,494</u>	<u>\$ 1,926,455</u>
Represented by		
Cash	\$ 1,851,292	\$ 1,760,860
Restricted cash	<u>294,202</u>	<u>165,595</u>
	<u>\$ 2,145,494</u>	<u>\$ 1,926,455</u>

See accompanying notes to the financial statements.

CHATS-Community & Home Assistance to Seniors

Notes to the Financial Statements

March 31, 2022

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 are recognized as revenue when received or receivable.

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 0.85% (2021 – 0.45%).

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

CHATS-Community & Home Assistance to Seniors

Notes to the Financial Statements

March 31, 2022

2. Summary of significant accounting policies (continued)

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 \$7,285 (2021 – \$6,862).

Employee benefit plan

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

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.

CHATS-Community & Home Assistance to Seniors

Notes to the Financial Statements

March 31, 2022

2. Summary of significant accounting policies (continued)

Funds invested in capital assets

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

Growth and Stabilization Fund

The Growth and Stabilization Fund represents accumulated operating revenues in excess of accumulated operating expenses from programs not funded by Ontario Health. 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.

3. Restricted cash

Restricted cash of \$294,202 (2021 - \$165,595) represents funds restricted for programs approved by the Ontario Health.

CHATS has an available operating line of credit of \$300,000 (2021 - \$300,000) which is repayable on demand and bears interest at the bank's prime rate plus 1.5% (2021 - bank prime plus 1.5 %). The line of credit is collateralized by a general security agreement. At March 31, 2022 and 2021, no amounts were outstanding against the line.

4. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	2022 Net Book Value	2021 Net Book Value
Leasehold improvements	\$ 716,768	\$ 673,724	\$ 43,044	\$ 51,990
Computer software and database	34,208	34,208	-	-
Computer equipment	162,389	141,645	20,744	-
Furniture and equipment	308,282	294,300	13,982	18,376
Automotive equipment	<u>463,046</u>	<u>211,498</u>	<u>251,548</u>	<u>183,358</u>
	<u>\$ 1,684,693</u>	<u>\$ 1,355,375</u>	<u>\$ 329,318</u>	<u>\$ 253,724</u>

5. Payables and accruals

Included in accounts payable and accrued liabilities are government remittances payable of \$344,263 (2021 - \$320,616).

CHATS-Community & Home Assistance to Seniors

Notes to the Financial Statements

March 31, 2022

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>2022</u>	<u>201</u>
Balance, beginning of year	\$ 230,240	\$ 283,965
Amounts received	508,940	589,449
Less: amounts recognized as revenue during the year	(547,805)	(643,174)
Less: amounts reclassified to deferred capital contributions	<u>(6,029)</u>	<u>-</u>
Balance, end of year	<u>\$ 185,346</u>	<u>\$ 230,240</u>

7. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of Ontario Health 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>2022</u>	<u>2021</u>
Contributions received for capital purposes	\$ 1,659,057	\$ 1,574,641
Less: accumulated amortization	<u>(1,329,739)</u>	<u>(1,320,917)</u>
	<u>\$ 329,318</u>	<u>\$ 253,724</u>

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

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 253,724	\$ 335,656
Contributions received during the year	189,334	50,496
Amortization of deferred capital contributions	<u>(113,740)</u>	<u>(132,428)</u>
Balance, end of year	<u>\$ 329,318</u>	<u>\$ 253,724</u>

8. Funds invested in capital assets

Funds invested in capital assets consist of the following:

	<u>2022</u>	<u>2021</u>
Capital assets, net of accumulated amortization	\$ 329,318	\$ 253,724
Less: amounts financed by deferred capital contributions	<u>(329,318)</u>	<u>(253,724)</u>
	<u>\$ -</u>	<u>\$ -</u>

CHATS-Community & Home Assistance to Seniors

Notes to the Financial Statements

March 31, 2022

8. Funds invested in capital assets (continued)

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

	2022	2021
Net additions and disposals	\$ 189,334	\$ 50,495
Amortization of deferred capital contributions	113,740	132,428
Increase in net assets invested in capital assets	303,074	182,923
Amortization of capital assets	(113,740)	(139,716)
Deferred capital contributions received to finance purchases of capital assets	(189,334)	(50,495)
Decrease in net assets invested in capital assets	(303,074)	(190,211)
Change in net assets invested in capital assets	\$ -	\$ (7,288)

9. Pension plan

CHATS sponsors a defined contribution pension plan for all salaried employees. During 2022, CHATS contributed \$98,527 (2021 - \$96,152) 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 for the next 5 years are as follows:

2023	\$ 515,071
2024	369,684
2025	291,118
2026	148,791
2027	151,003
2028 and onwards	426,459
	\$ 1,902,126

11. Economic dependence

Approximately 83% (2021 - 85%) of the Organization's revenues are derived from the Ontario Health funding. Should Ontario Health cease funding the Organization, CHATS would either continue to operate at a greatly reduced capacity or cease operations.

CHATS-Community & Home Assistance to Seniors

Notes to the Financial Statements

March 31, 2022

12. Grants

	2022	2021
United Way	\$ 206,270	\$ 306,327
Ontario Health	87,600	-
Ontario Community Support Association	40,923	56,002
New Horizons for Senior-Canada	35,000	-
Centre for Independent Living in Toronto	-	70,775
Other	96,616	197,081
	\$ 466,409	\$ 630,185

13. COVID-19

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, organizations are being forced to cease or limit operations for long or indefinite 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 organizations 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 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.

14. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.