

FINANCIAL STATEMENTS
For
CHATS-COMMUNITY AND HOME ASSISTANCE TO SENIORS
For year ended
MARCH 31, 2023

CHATS-COMMUNITY AND HOME ASSISTANCE TO SENIORS

INDEX TO FINANCIAL STATEMENTS

MARCH 31, 2023

	<u>Page</u>
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 FINANCIAL STATEMENTS	7 - 12

INDEPENDENT AUDITOR'S REPORT

To the Members of

CHATS-COMMUNITY AND HOME ASSISTANCE TO SENIORS

Opinion

We have audited the financial statements of CHATS-Community and Home Assistance to Seniors (the "Organization"), which comprise of the statement of financial position as at March 31, 2023, 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 the Organization as at March 31, 2023 and the 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 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 the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

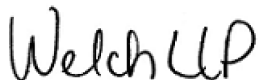
Auditor's Responsibilities for the Audit of the Financial Statements

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.



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
June 21, 2023.

CHATS-COMMUNITY AND HOME ASSISTANCE TO SENIORS

STATEMENT OF FINANCIAL POSITION

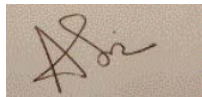
MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents (note 4)	\$ 3,266,225	\$ 3,126,292
Restricted cash (note 3)	441,327	294,202
Accounts receivable	776,367	554,110
Prepaid expenses	<u>360,390</u>	<u>289,886</u>
	4,844,309	4,264,490
 CAPITAL ASSETS (note 5)	 <u>556,595</u>	 <u>329,318</u>
	\$ 5,400,904	\$ 4,593,808
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Payables and accruals (note 7)	\$ 2,046,511	\$ 2,017,690
Deferred contributions (note 8)	<u>234,391</u>	<u>185,346</u>
	2,280,902	2,203,036
 DEFERRED CAPITAL CONTRIBUTIONS (note 9)	 <u>407,894</u>	 <u>329,318</u>
	<u>2,688,796</u>	<u>2,532,354</u>
 NET ASSETS		
Invested in capital assets	148,701	-
Growth and Stabilization Fund	<u>2,563,407</u>	<u>2,061,454</u>
	<u>2,712,108</u>	<u>2,061,454</u>
	\$ 5,400,904	\$ 4,593,808
 Commitments (note 12)		

On behalf of the Board:

Mary Bayliss

..... Director



..... Director

(See accompanying notes)

CHATS-COMMUNITY AND HOME ASSISTANCE TO SENIORS

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
Revenue		
Ontario Health funding	\$ 17,874,437	\$ 17,347,463
Service recipient fees	2,118,380	2,273,513
Grants (note 14)	422,674	466,409
Donations	672,135	330,908
Service for contracts	914,961	326,551
Amortization of deferred capital contributions	129,666	113,740
Interest and other	<u>151,917</u>	<u>33,812</u>
	<u>22,284,170</u>	<u>20,892,396</u>
Expenses		
Salaries and wages	14,427,037	13,906,830
Employee benefits	1,763,113	1,633,898
Program and other operating costs	1,909,009	1,836,047
Contracted out services	1,189,201	998,524
Equipment maintenance	1,031,577	912,726
Building and grounds	1,063,658	880,938
Amortization of capital assets	143,185	113,740
Supplies	<u>106,736</u>	<u>86,787</u>
	<u>21,633,516</u>	<u>20,369,490</u>
Excess of revenue over expenses	<u>\$ 650,654</u>	<u>\$ 522,906</u>

(See accompanying notes)

CHATS-COMMUNITY AND HOME ASSISTANCE TO SENIORS

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2023

	2023		
	Invested in capital assets	Growth and Stabilization Fund	Total
Net assets, beginning of year	\$ -	\$ 2,061,454	\$ 2,061,454
Excess of revenue over expenses	-	650,654	650,654
Changes in funds invested in capital assets (note 10)	148,701	(148,701)	-
Net assets, end of year	\$ 148,701	\$ 2,563,407	\$ 2,712,108

	2022		
	Invested in capital assets	Growth and Stabilization Fund	Total
Net assets, beginning of year	\$ -	\$ 1,538,548	\$ 1,538,548
Excess of revenue over expenses	-	522,906	522,906
Net assets, end of year	\$ -	\$ 2,061,454	\$ 2,061,454

(See accompanying notes)

CHATS-COMMUNITY AND HOME ASSISTANCE TO SENIORS

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM (USED IN):		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 650,654	\$ 522,906
Items not involving cash and cash equivalents:		
Amortization of capital assets	143,185	113,740
Amortization of deferred capital contributions	<u>(129,666)</u>	<u>(113,740)</u>
	664,173	522,906
Changes in non-cash working capital items:		
Accounts receivable	(222,257)	(64,702)
Prepaid expenses	(70,504)	35,754
Payables and accruals	28,821	(158,517)
Deferred contributions	<u>49,045</u>	<u>(44,894)</u>
	<u>449,278</u>	<u>290,547</u>
INVESTING ACTIVITIES		
Net additions of capital assets	<u>(370,462)</u>	<u>(189,334)</u>
FINANCING ACTIVITIES		
Receipt of deferred capital contributions	<u>208,242</u>	<u>(189,334)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	287,058	219,039
CASH, RESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,420,494</u>	<u>3,201,455</u>
CASH, RESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,707,552</u>	<u>\$ 3,420,494</u>
<hr/>		
Represented by:		
Cash and cash equivalents	\$ 3,266,225	\$ 3,126,292
Restricted cash	<u>441,327</u>	<u>294,202</u>
	<u>\$ 3,707,552</u>	<u>\$ 3,420,494</u>

(See accompanying notes)

CHATS-COMMUNITY AND HOME ASSISTANCE TO SENIORS

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2023

1. NATURE OF OPERATIONS

CHATS-Community and 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. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of accounting

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

Revenue recognition

The Organization follows the deferral method of accounting for contributions, whereby restricted sources of contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted sources of contributions 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.

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand and cashable guaranteed investment certificates.

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.

CHATS-COMMUNITY AND HOME ASSISTANCE TO SENIORS

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED MARCH 31, 2023

2. **SIGNIFICANT ACCOUNTING POLICIES** - Cont'd.

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. Significant estimates are primarily used in determining the allowance for doubtful accounts, useful lives of capital assets, and certain accruals. 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 \$2,078 (2022 - \$7,285).

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.

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 \$441,327 (2022 - \$294,202) represents funds restricted for programs approved by the Ontario Health.

CHATS-COMMUNITY AND HOME ASSISTANCE TO SENIORS

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED MARCH 31, 2023

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,599,579	\$ 1,851,292
Cashable guaranteed investment certificates earning interest at prime plus 0.05% (2022 - 0.85%), maturing July 2023 and February 2024 (2022 - matured July 2022)	<u>1,666,646</u>	<u>1,275,000</u>
Balance, end of year	<u>\$ 3,266,225</u>	<u>\$ 3,126,292</u>

5. CAPITAL ASSETS

Tangible capital assets consist of the following:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Leasehold improvements	\$ 1,050,689	\$ 678,917	\$ 716,768	\$ 673,724
Computer software and database	-	-	34,208	34,208
Computer equipment	117,905	105,744	162,389	141,645
Furniture and equipment	250,271	236,552	308,282	294,300
Automotive equipment	<u>461,759</u>	<u>302,816</u>	<u>463,046</u>	<u>211,498</u>
	1,880,624	<u>\$ 1,324,029</u>	1,684,693	<u>\$ 1,355,375</u>
Less: accumulated amortization	<u>(1,324,029)</u>		<u>(1,355,375)</u>	
	<u>\$ 556,595</u>		<u>\$ 329,318</u>	

6. CREDIT FACILITIES

CHATS has an available operating line of credit of \$300,000 (2022 - \$300,000) which is repayable on demand and bears interest at the bank's prime rate plus 1.5%. The line of credit is collateralized by a general security agreement. At March 31, 2023, no amounts were outstanding against the line.

7. GOVERNMENT REMITTANCES PAYABLE

Included in accounts payable and accrued liabilities are government remittances payable of \$8,765 (2022 - \$344,263).

8. DEFERRED CONTRIBUTIONS

Deferred contributions include unspent grants and restricted donations representing funding received in the current year that is related to subsequent years. Deferred contributions consist of the following:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 185,346	\$ 230,240
Amounts received	523,972	508,940
Less: amounts recognized as revenue during the year	(456,244)	(547,805)
Less: amounts reclassified to deferred capital contributions	<u>(18,683)</u>	<u>(6,029)</u>
Balance, end of year	<u>\$ 234,391</u>	<u>\$ 185,346</u>

CHATS-COMMUNITY AND HOME ASSISTANCE TO SENIORS

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED MARCH 31, 2023

9. 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 consist of the following:

	<u>2023</u>	<u>2022</u>
Contributions received for capital purposes	\$ 1,703,559	\$ 1,659,057
Less: accumulated amortization	<u>(1,295,665)</u>	<u>(1,329,739)</u>
	<u>\$ 407,894</u>	<u>\$ 329,318</u>

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

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 329,318	\$ 253,724
Contributions received during the year	208,242	189,334
Amortization of deferred capital contributions	<u>(129,666)</u>	<u>(113,740)</u>
Balance, end of year	<u>\$ 407,894</u>	<u>\$ 329,318</u>

10. FUNDS INVESTED IN CAPITAL ASSETS

Funds invested in capital assets consist of the following:

	<u>2023</u>	<u>2022</u>
Capital assets, net of accumulated amortization	\$ 556,595	\$ 329,318
Less: amounts financed by deferred capital contributions	<u>(407,894)</u>	<u>(329,318)</u>
	<u>\$ 148,701</u>	<u>\$ -</u>

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

	<u>2023</u>	<u>2022</u>
Net additions and disposals	\$ 370,462	\$ 189,334
Amortization of deferred capital contributions	<u>129,666</u>	<u>113,740</u>
Increase in net assets invested in capital assets	<u>500,128</u>	<u>303,074</u>
Amortization of capital assets	(143,185)	(113,740)
Deferred capital contributions received to finance purchases of capital assets	<u>(208,242)</u>	<u>(189,334)</u>
Decrease in net assets invested in capital assets	<u>(351,427)</u>	<u>(303,074)</u>
Change in net assets invested in capital assets	<u>\$ 148,701</u>	<u>\$ -</u>

11. PENSION PLAN

CHATS sponsors a defined contribution pension plan for all salaried employees. During 2023, CHATS contributed \$88,671 (2022 - \$98,527) to this pension plan. This amount is included within employee benefits on the statement of operations.

CHATS-COMMUNITY AND HOME ASSISTANCE TO SENIORS

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED MARCH 31, 2023

12. 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:

2024	\$ 696,696
2025	489,213
2026	351,502
2027	303,536
2028	306,736
Thereafter	<u>1,157,510</u>
	<u>\$ 3,305,193</u>

13. ECONOMIC DEPENDENCE

Approximately 80% (2022 - 83%) 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.

14. GRANTS

Grants revenue consists of the following:

	<u>2023</u>	<u>2022</u>
United Way	\$ 192,002	\$ 206,270
Ontario Community Support Association	77,994	40,923
CIL-PSW Education and Training Fund	69,720	-
Ontario Trillium Foundation	51,582	9,561
New Horizons for Senior-Canada	1,676	35,000
Ontario Health	-	87,600
Other	<u>29,700</u>	<u>87,055</u>
	<u>\$ 422,674</u>	<u>\$ 466,409</u>

15. UNCERTAINTY DUE TO THE ECONOMIC CONSEQUENCES OF COVID-19

During March 2020, the Province of Ontario declared a state of emergency in response to the public health concerns originating from the spread of COVID-19.

CHATS continues to operate, as it provides services deemed essential as defined by the Province of Ontario. Up to January 2023, COVID-19 has guided operations including physical distancing, mask requirements and strict infection prevention and controls.

A high degree of uncertainty persists surrounding the full economic impact of the situation. The unpredictable nature of COVID-19 makes it difficult to determine the length of time that CHATS' operations will be impacted or the severity of the impact. Consequently, the effects of any subsequent outbreaks or abrupt declines in economic activity will have on CHATS' operations, assets, liabilities, revenues and expenses are unknown at this time.

CHATS-COMMUNITY AND HOME ASSISTANCE TO SENIORS
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

16. FINANCIAL INSTRUMENTS

CHATS is exposed to and manages various financial risks resulting from operations and does not use derivative financial instruments to manage its risks. CHATS' main financial risk exposures and its financial risk management policies are as follows:

Credit risk

Credit risk is the risk one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. CHATS' maximum exposure to credit risk represents the sum of the carrying value of its cash, cash equivalents and accounts receivable. CHATS' cash and cash equivalents are deposited with a Canadian chartered bank and as a result management believes the risk of loss on this item to be remote. Accounts receivable is minimized by the Organization's large and diverse customer base and monitoring the aging of accounts outstanding.

Liquidity risk

Liquidity risk is the risk that CHATS cannot meet a demand for cash or fund its obligations as they become due. Management considers CHATS has sufficient credit facilities to ensure that funds are available to meet its current financial needs. CHATS manages its liquidity needs by forecasting its cash inflows and outflows and managing arranged bank facilities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Authority's financial instruments are all denominated in Canadian dollars and it transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

ii) *Interest rate risk*

Interest rate risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. CHATS cash and cash equivalents earn interest at prevailing market rates and the interest rate exposure related to these financial instruments is negligible. CHATS is exposed to interest rate risk arising from fluctuation in interest rates on its credit facilities.

iii) *Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of the changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. Since CHATS does not have investments in publicly traded marketable securities, it is not exposed to other price risk.

Changes in risk

There are no significant changes in risk exposure from the previous year.

17. COMPARATIVE FIGURES

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