



Financial Statements

CHATS-Community & Home Assistance to
Seniors

March 31, 2020

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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, 2020, 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, 2020, 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.

Grant Thornton LLP

Markham, Canada
June 17, 2020

Chartered Professional Accountants
Licensed Public Accountant

CHATS-Community & Home Assistance to Seniors

Statement of Financial Position

March 31

2020

2019

Assets

Current

Cash	\$ 2,062,743	\$ 920,715
Restricted cash (Note 3)	75,073	738,797
Short term investments	516,545	504,932
Accounts receivable	281,144	351,136
Prepaid expenses	278,958	254,081
	<u>3,214,463</u>	<u>2,769,661</u>

Capital assets (Note 4)

	<u>342,944</u>	<u>319,605</u>
	<u>\$ 3,557,407</u>	<u>\$ 3,089,266</u>

Liabilities

Current

Payables and accruals (Note 5)	\$ 1,618,850	\$ 1,418,509
Deferred contributions (Note 6)	283,965	102,235
	<u>1,902,815</u>	<u>1,520,744</u>

Deferred capital contributions (Note 7)

	<u>335,656</u>	<u>310,087</u>
	<u>2,238,471</u>	<u>1,830,831</u>

Net assets

Funds invested in capital assets (Note 8)	7,288	9,518
Growth and Stabilization Fund (Note 11)	1,311,648	1,248,917
	<u>1,318,936</u>	<u>1,258,435</u>

	<u>\$ 3,557,407</u>	<u>\$ 3,089,266</u>
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Commitments (Note 10)

On behalf of the Board



Director



Director

Chair of the Board, CHATS

June 21, 2020

See accompanying notes to the financial statements.

CHATS-Community & Home Assistance to Seniors

Statement of Operations

Year ended March 31

2020

2019

Revenue

Government funding (Note 13)	\$ 16,010,361	\$ 15,529,651
Service recipient fees	2,787,076	2,618,034
Grants (Note 14)	528,361	342,118
Donations	286,481	236,949
Amortization of deferred capital contributions	157,687	152,686
Interest and other	131,099	56,427
	<u>19,901,065</u>	<u>18,935,865</u>

Expenses

Salaries and wages	12,761,753	12,244,680
Employee benefits	1,589,805	1,662,971
Program and other operating costs	1,713,177	1,621,501
Contracted out services	1,449,133	1,226,223
Building and grounds	1,056,406	1,022,533
Equipment maintenance	870,090	743,465
Supplies	240,283	184,700
Amortization of capital assets	159,917	154,915
	<u>19,840,564</u>	<u>18,860,988</u>

Excess of revenue over expenses for the year	<u>\$ 60,501</u>	<u>\$ 74,877</u>
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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, 2018	\$ 11,747	\$ 1,171,811	\$ 1,183,558
Excess of revenue over expenses for the year	-	74,877	74,877
Change in funds invested in capital assets (Note 8)	<u>(2,229)</u>	<u>2,229</u>	<u>-</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	<u>\$ 7,288</u>	<u>\$ 1,311,648</u>	<u>\$ 1,318,936</u>

See accompanying notes to the financial statements.

CHATS-Community & Home Assistance to Seniors

Statement of Cash Flows

Year ended March 31	2020	2019
Increase (decrease) in cash		
Operating		
Excess of revenue over expenses for the year	\$ 60,501	\$ 74,877
Adjustments to reconcile excess of revenue over expenditures with net cash provided by operating activities		
Amortization of capital assets	159,917	154,915
Amortization of deferred capital contributions	<u>(157,687)</u>	<u>(152,686)</u>
	62,731	77,106
Change in non-cash working capital balances		
Accounts receivable	69,992	(98,662)
Prepaid expenses	(24,877)	(41,432)
Payables and accruals	200,341	55,530
Deferred contributions	<u>181,730</u>	<u>(85,073)</u>
	<u>489,917</u>	<u>(92,531)</u>
Investing		
Purchase of investments	(11,613)	(504,932)
Purchase of capital assets	<u>(183,256)</u>	<u>(72,977)</u>
	<u>(194,869)</u>	<u>(577,909)</u>
Financing		
Receipt of deferred capital contributions	<u>183,256</u>	<u>72,977</u>
Net increase (decrease) in cash	478,304	(597,463)
Cash and restricted cash, beginning of year	<u>1,659,512</u>	<u>2,256,975</u>
Cash and restricted cash, end of year	<u>\$ 2,137,816</u>	<u>\$ 1,659,512</u>
<hr/>		
Represented by		
Cash	\$ 2,062,743	\$ 920,715
Restricted cash	<u>75,073</u>	<u>738,797</u>
	<u>\$ 2,137,816</u>	<u>\$ 1,659,512</u>

See accompanying notes to the financial statements.

CHATS-Community & Home Assistance to Seniors

Notes to the Financial Statements

March 31, 2020

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 support the health and well-being of seniors and caregivers at home and in the community. CHATS' vision is innovative leadership that promotes optimal health and wellness for seniors and caregivers.

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 a guaranteed investment certificate (GIC) maturing within one year. The GIC earns interest at a rate of 1.55% (2019 – 2.30%).

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, 2020

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 \$3,448 (2019 - \$800).

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, 2020

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.

3. Restricted cash

Restricted cash of \$75,073 (2019 - \$738,797) represents funds restricted for programs approved by Central Local Health Integration Network (LHIN).

CHATS has an available operating line of credit of \$300,000 (2019 - \$300,000) which is repayable on demand and bears interest at the bank's prime rate plus 1.5 % (2019 - bank prime plus 1.5 %). The line of credit is collateralized by a general security agreement. At March 31, 2020 and 2019, no amounts were outstanding against the line.

4. Capital assets

	Cost	Accumulated Amortization	2020 Net Book Value	2019 Net Book Value
Leasehold improvements	\$ 710,739	\$ 620,529	\$ 90,210	\$ 106,153
Computer software and database	34,208	34,208	-	-
Computer equipment	136,638	136,638	-	1,096
Furniture and equipment	302,296	272,713	29,583	34,145
Automotive equipment	596,490	373,339	223,151	178,211
	\$ 1,780,372	\$ 1,437,427	\$ 342,944	\$ 319,605

5. Payables and accruals

Included in accounts payable and accrued liabilities are government remittances payable of \$88,981 (2019 - \$45,061).

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:

	2020	2019
Balance, beginning of year	\$ 102,235	\$ 187,308
Amounts received	712,082	220,077
Less: amounts recognized as revenue during the year	(530,352)	(305,150)
Balance, end of year	\$ 283,965	\$ 102,235

CHATS-Community & Home Assistance to Seniors

Notes to the Financial Statements

March 31, 2020

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>2020</u>	<u>2019</u>
Contributions received for capital purposes	\$ 1,754,737	\$ 1,814,423
Less: accumulated amortization	<u>(1,419,081)</u>	<u>(1,504,336)</u>
	<u>\$ 335,656</u>	<u>\$ 310,087</u>

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

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 310,087	\$ 389,796
Contributions received during the year	183,256	72,977
Amortization of deferred capital contributions	<u>(157,687)</u>	<u>(152,686)</u>
Balance, end of year	<u>\$ 335,656</u>	<u>\$ 310,087</u>

8. Funds invested in capital assets

Funds invested in capital assets consist of the following:

	<u>2020</u>	<u>2019</u>
Capital assets, net of accumulated amortization	\$ 342,944	\$ 319,605
Less: amounts financed by deferred capital contributions	<u>(335,656)</u>	<u>(310,087)</u>
	<u>\$ 7,288</u>	<u>\$ 9,518</u>

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

	<u>2020</u>	<u>2019</u>
Purchase of capital assets	\$ 183,256	\$ 72,977
Amortization of deferred capital contributions	<u>157,687</u>	<u>152,686</u>
Increase in net assets invested in capital assets	<u>340,943</u>	<u>225,663</u>
Amortization of capital assets	(159,917)	(154,915)
Deferred capital contributions received to finance purchases of capital assets	<u>(183,256)</u>	<u>(72,977)</u>
Decrease in net assets invested in capital assets	<u>(343,173)</u>	<u>(227,892)</u>
Change in net assets invested in capital assets	<u>\$ (2,230)</u>	<u>\$ (2,229)</u>

CHATS-Community & Home Assistance to Seniors

Notes to the Financial Statements

March 31, 2020

9. Pension plan

CHATS sponsors a defined contribution pension plan for all salaried employees. During 2020, CHATS contributed \$93,335 (2019 - \$79,765) 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:

2021	\$ 1,110,644
2022	842,214
2023	801,739
2024	678,447
2025	<u>272,737</u>
	<u>\$ 3,705,781</u>

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 80% (2019 - 82%) of the Organization's revenues are derived from the Central LHIN. Should the Central LHIN cease funding the Organization, CHATS would either continue to operate at a greatly reduced capacity or cease operations.

13. Government funding

Government funding is comprised of funding received from three agencies, the Central LHIN, Ministry of Health and Long-Term Care, and Home and Community Care Central LHIN.

	<u>2020</u>	<u>2019</u>
Central LHIN	<u>\$ 15,996,231</u>	\$ 15,512,674
Home and Community Care	<u>14,130</u>	<u>16,977</u>
	<u>\$ 16,010,361</u>	<u>\$ 15,529,651</u>

CHATS-Community & Home Assistance to Seniors

Notes to the Financial Statements

March 31, 2020

14. Grants

Grants are comprised of funding received from various agencies including United Way, York Region and Other.

	<u>2020</u>	<u>2019</u>
United Way	\$ 228,830	\$ 142,300
Region of York	-	69,490
Other	<u>299,531</u>	<u>130,328</u>
	<u>\$ 528,361</u>	<u>\$ 342,118</u>

15. COVID-19

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses 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. Global stock markets have also experienced great volatility and a significant weakening. 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 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