

**CHATS - Community & Home  
Assistance to Seniors  
Financial Statements  
For the year ended March 31, 2015**

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## Independent Auditor's Report

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

We have audited the accompanying financial statement of CHATS - Community & Home Assistance to Seniors which comprise the statements of financial position as at March 31, 2015, and the statement of operations, changes in net assets and cash flows 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 from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of CHATS - Community & Home Assistance to Seniors as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for non-for-profit organizations.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants  
Mississauga, Ontario  
June 16, 2015

**CHATS - Community & Home Assistance to Seniors**  
**Statement of Financial Position**

**March 31** **2015** **2014**

**Assets**

**Current**

Cash	\$ 666,382	\$ 644,333
Restricted cash (Note 2)	814,393	862,523
Accounts receivable	490,108	340,030
Government remittances receivable	90,443	98,752
Prepaid expenses	106,739	114,990
	2,168,065	2,060,628

**Capital assets (Note 3)** 672,562 526,249

**\$ 2,840,627** **\$ 2,586,877**

**Liabilities and Net Assets**

**Current**

Accounts payable and accrued liabilities	\$ 1,667,654	\$ 1,514,309
Deferred contributions (Note 4)	23,359	50,200
	1,691,013	1,564,509

**Deferred capital contributions (Note 5)** 649,513 494,449

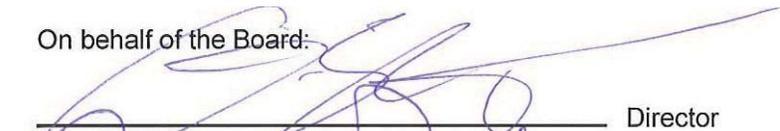
**2,340,526** **2,058,958**

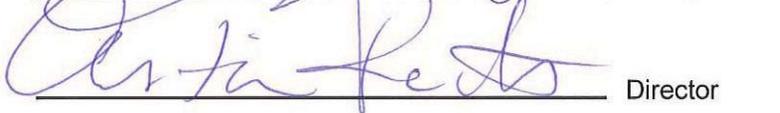
**Net assets**

Invested in capital assets (Note 6)	23,049	31,800
Growth and Stabilization Fund (Note 9)	477,052	496,119
	500,101	527,919

**\$ 2,840,627** **\$ 2,586,877**

On behalf of the Board:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

The accompanying notes are an integral part of these financial statements.

## CHATS - Community & Home Assistance to Seniors Statement of Operations

For the year ended March 31	2015	2014
<b>Revenue</b>		
Ministry of Health and Long Term Care Funding	\$ 12,470,899	\$ 7,602,892
Service recipient fees and cost recoveries	2,518,406	2,470,079
Donations	200,792	448,977
Grants	309,898	246,207
Amortization of deferred capital contributions	237,121	191,999
Interest, investment income and other	38,428	50,465
	<b>15,775,544</b>	<b>11,010,619</b>
<b>Expenditures</b>		
Staff salaries and wages	9,656,853	6,019,308
Program and other operating costs	1,702,269	1,776,914
Employee benefits	1,456,056	997,601
Contracted out services	1,332,540	665,606
Building and grounds	907,166	692,349
Equipment maintenance	320,744	330,412
Amortization of capital assets	245,872	243,852
Supplies	181,862	173,243
	<b>15,803,362</b>	<b>10,899,285</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>\$ (27,818)</b>	<b>\$ 111,334</b>

The accompanying notes are an integral part of these financial statements.

**CHATS - Community & Home Assistance to Seniors**  
**Statement of Changes in Net Assets**

**For the year ended**

	Invested in Capital Assets	Unrestricted Growth and Stabilization Fund	Total
Net assets, March 31, 2013	\$ 16,028	\$ 400,557	\$ 416,585
Net excess of revenue over expenditures for the year	-	111,334	111,334
Change in net assets invested in capital assets (Note 6)	15,772	(15,772)	-
<b>Net assets, March 31, 2014</b>	<b>31,800</b>	<b>496,119</b>	<b>527,919</b>
<b>Net deficiency of revenue over expenditures for the year</b>	<b>-</b>	<b>(27,818)</b>	<b>(27,818)</b>
<b>Change in net assets invested in capital assets (Note 6)</b>	<b>(8,751)</b>	<b>8,751</b>	<b>-</b>
<b>Net assets, March 31, 2015</b>	<b>\$ 23,049</b>	<b>\$ 477,052</b>	<b>\$ 500,101</b>

The accompanying notes are an integral part of these financial statements.

## CHATS - Community & Home Assistance to Seniors Statement of Cash Flows

For the year ended March 31	2015	2014
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net (deficiency) excess of revenue over expenditures for the year	\$ (27,818)	\$ 111,334
Adjustments to reconcile net (deficiency) excess of revenue over expenditures with net cash provided by operating activities		
Amortization of capital assets	245,872	243,852
Amortization of deferred capital contributions	(237,121)	(191,999)
Amortization of deferred capital donations	-	(37,674)
Loss on disposal of capital assets	-	7,528
	<u>(19,067)</u>	133,041
Changes in non-cash working capital balances		
Accounts receivable	(150,078)	222,310
Government remittances	8,309	(69,397)
Prepaid expenses	8,251	(21,525)
Accounts payable and accrued liabilities	153,345	(30,893)
Deferred contributions	(26,841)	(30,374)
	<u>(26,081)</u>	203,162
<b>Investing activities</b>		
Purchase of capital assets	<u>(392,185)</u>	(416,217)
<b>Financing activities</b>		
Increase in deferred capital contributions, net	<u>392,185</u>	378,738
<b>Increase (decrease) in cash during the year</b>	<b>(26,081)</b>	<b>165,683</b>
<b>Cash and restricted cash, beginning of year</b>	<u><b>1,506,856</b></u>	<u>1,341,173</u>
<b>Cash and restricted cash, end of year</b>	<b>\$ 1,480,775</b>	<b>\$ 1,506,856</b>
<b>Represented by</b>		
Cash	\$ 666,382	\$ 644,333
Restricted cash	<u>814,393</u>	<u>862,523</u>
	<b>\$ 1,480,775</b>	<b>\$ 1,506,856</b>

The accompanying notes are an integral part of these financial statements.

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# CHATS - Community & Home Assistance to Seniors

## Notes to Financial Statements

**March 31, 2015**

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### 1. Significant Accounting Policies

#### Nature and Purpose of Organization

Community & Home Assistance to Seniors ("CHATS") 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).

#### Basis of Accounting

These financial statements have been prepared 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.

#### 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:

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

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# CHATS - Community & Home Assistance to Seniors

## Notes to Financial Statements

**March 31, 2015**

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### 1. 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. Unless otherwise noted, it is management's opinion that the Organization is not exposed to currency risks arising from these financial instruments.

Interest risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in the market interest rates. The Organization is exposed to interest rate risk on bank overdrafts if cash flows are not monitored. This risk is minimized by frequent reviews of the Organization's cash position.

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.

#### 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 \$22,786 (2014 - \$26,699).

#### 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.

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## CHATS - Community & Home Assistance to Seniors Notes to Financial Statements

**March 31, 2015**

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### 1. Significant Accounting Policies (continued)

#### 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.

#### Net Assets Invested in Capital Assets

The Net Assets Invested in Capital Assets account represents funds used for the acquisition of capital assets.

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### 2. Restricted Cash

Restricted cash of \$814,393 (2014 - \$862,523) represents funds restricted for programs approved by Central LHIN.

CHATS has an available operating line of credit of \$300,000 (2014 - \$300,000) which is repayable on demand and bears interest at the bank's prime rate plus 1.5% (2014 - bank prime plus 1.5%). The line of credit is collateralized by a general security agreement. At March 31, 2015, no amounts were outstanding against the line.

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### 3. Capital Assets

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Leasehold improvements	\$ 617,808	\$ 503,269	\$ 542,645	\$ 467,340
Computer software and database	121,561	40,083	56,343	24,814
Computer equipment	148,915	57,897	117,775	13,281
Furniture and equipment	248,555	195,768	243,887	184,584
Automotive equipment	630,591	297,851	488,987	233,369
	<b>\$ 1,767,430</b>	<b>\$ 1,094,868</b>	<b>\$ 1,449,637</b>	<b>\$ 923,388</b>
Net book value		<b>\$ 672,562</b>		<b>\$ 526,249</b>

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## CHATS - Community & Home Assistance to Seniors Notes to Financial Statements

**March 31, 2015**

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### 4. 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:

	2015	2014
Balance, beginning of year	\$ 50,200	\$ 80,574
Add: amounts received related to subsequent years	2,050	167,598
Less:		
Amounts recognized as revenue during the year	(28,891)	(16,990)
Amounts designated as deferred donations for capital	-	(180,982)
	\$ 23,359	\$ 50,200

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### 5. 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:

	2015	2014
Contributions received for capital purposes	\$ 1,704,317	\$ 1,390,616
Less: accumulated amortization	(1,054,804)	(896,167)
	\$ 649,513	\$ 494,449

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

Balance, beginning of year	\$ 494,449	\$ 345,384
Contributions received during the year	392,185	378,738
Amortization of deferred capital contributions	(237,121)	(229,673)
	\$ 649,513	\$ 494,449

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## CHATS - Community & Home Assistance to Seniors Notes to Financial Statements

**March 31, 2015**

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### 6. Net Assets Invested in Capital Assets

The net assets invested in capital assets consist of the following

	2015	2014
Capital assets, net	\$ 672,562	\$ 526,249
Less amounts financed by deferred capital	(649,513)	(494,449)
	\$ 23,049	\$ 31,800

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

Purchase of capital assets	\$ 392,185	\$ 416,217
Amortization of deferred capital contributions	237,121	191,999
Amortization of deferred capital donations	-	37,674
Increase in net assets invested in capital assets	629,306	645,890
Amortization of capital assets	(245,872)	(243,852)
Deferred capital contributions received to finance purchases of capital assets	(392,185)	(378,738)
Loss on disposal of capital assets	-	(7,528)
Decrease in net assets invested in capital assets	(638,057)	(630,118)
Change in net assets invested in capital assets	\$ (8,751)	\$ 15,772

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### 7. Pension Plan

CHATS sponsors a defined contribution pension plan for all salaried employees. CHATS obligation to the pension plan is fully funded. During 2015, CHATS contributed \$62,113 (2014 - \$55,172) to this pension plan. This amount is included within employee benefits on the statement of operations.

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## CHATS - Community & Home Assistance to Seniors Notes to Financial Statements

**March 31, 2015**

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### 8. Lease Commitments

CHATS operates from various leased premises. Those leases expire between October 6, 2015 to March 31, 2020. The future minimum lease payments for the next 5 years and thereafter are as follows:

2016	\$ 831,843
2017	790,976
2018	703,587
2019	663,793
2019	424,446
Thereafter	<u>1,229,307</u>
	<u>\$ 4,643,952</u>

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### 9. 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.

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### 10. Economic Dependence

Approximately 79% (2014 - 70%) 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.