

**CHATS - Community & Home
Assistance to Seniors
Financial Statements
For the year ended March 31, 2016**

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Independent Auditor's Report

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

We have audited the accompanying financial statements of CHATS - Community & Home Assistance to Seniors which comprise the statement of financial position as at March 31, 2016, 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 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, 2016, 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, 2016

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

March 31 2016 2015

Assets

Current

Cash	\$	814,474	\$	666,382
Restricted cash (Note 2)		789,878		814,393
Accounts receivable		305,659		490,108
Government remittances receivable		46,233		90,443
Prepaid expenses		210,462		106,739
		2,166,706		2,168,065

Capital assets (Note 3)

		571,858		672,562
		\$ 2,738,564		\$ 2,840,627

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$	1,408,362	\$	1,667,654
Deferred contributions (Note 4)		48,270		23,359
		1,456,632		1,691,013


Deferred capital contributions (Note 5)

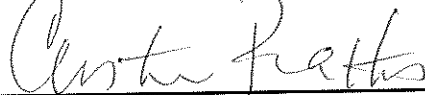
		555,657		649,513
		2,012,289		2,340,526

Net assets

Funds invested in capital assets (Note 6)		16,201		23,049
Growth and Stabilization Fund (Note 9)		710,074		477,052
		726,275		500,101
		\$ 2,738,564		\$ 2,840,627

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	2016	2015
Revenue		
Government funding (Note 11)	\$ 13,537,880	\$ 12,470,899
Service recipient fees	2,545,967	2,382,875
Donations	336,429	200,792
Grants	315,925	309,898
Amortization of deferred capital contributions	239,113	237,121
Interest and other	57,128	38,428
	17,032,442	15,640,013
Expenditures		
Staff salaries and wages	11,079,322	10,185,078
Program and other operating costs	1,386,642	1,566,738
Employee benefits	1,636,493	1,456,056
Contracted out services	970,843	804,315
Building and grounds	872,351	907,166
Equipment maintenance	453,569	320,744
Amortization of capital assets	245,961	245,872
Supplies	161,087	181,862
	16,806,268	15,667,831
Excess (deficiency) of revenue over expenses for the year	\$ 226,174	\$ (27,818)

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	Growth and Stabilization Fund	Total
Net assets, March 31, 2014	\$ 31,800	\$ 496,119	\$ 527,919
Deficiency of revenue over expenditures for the year	-	(27,818)	(27,818)
Change in funds invested in capital assets (Note 6)	(8,751)	8,751	-
Net assets, March 31, 2015	23,049	477,052	500,101
Excess of revenue over expenditures for the year	-	226,174	226,174
Change in funds invested in capital assets (Note 6)	(6,848)	6,848	-
Net assets, March 31, 2016	\$ 16,201	\$ 710,074	\$ 726,275

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	2016	2015
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures for the year	\$ 226,174	\$ (27,818)
Adjustments to reconcile excess (deficiency) of revenue over expenditures with net cash provided by operating activities		
Amortization of capital assets	245,961	245,872
Amortization of deferred capital contributions	(239,113)	(237,121)
	233,022	(19,067)
Changes in non-cash working capital balances		
Accounts receivable	184,449	(150,078)
Government remittances receivable	44,210	8,309
Prepaid expenses	(103,723)	8,251
Accounts payable and accrued liabilities	(259,292)	153,345
Deferred contributions	24,911	(26,841)
	123,577	(26,081)
Investing activities		
Purchase of capital assets	(145,257)	(392,185)
Financing activities		
Increase in deferred capital contributions	145,257	392,185
Increase (decrease) in cash during the year	123,577	(26,081)
Cash and restricted cash, beginning of year	1,480,775	1,506,856
Cash and restricted cash, end of year	\$ 1,604,352	\$ 1,480,775
Represented by		
Cash	\$ 814,474	\$ 666,382
Restricted cash	789,878	814,393
	\$ 1,604,352	\$ 1,480,775

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

CHATS - Community & Home Assistance to Seniors

Notes to Financial Statements

March 31, 2016

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.

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

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

March 31, 2016

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.

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 \$13,450 (2015 - \$22,786).

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.

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

March 31, 2016

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.

Funds Invested in Capital Assets

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

2. Restricted Cash

Restricted cash of \$789,878 (2015 - \$814,393) represents funds restricted for programs approved by Central LHIN.

CHATS has an available operating line of credit of \$300,000 (2015 - \$300,000) which is repayable on demand and bears interest at the bank's prime rate plus 1.5% (2015 - bank prime plus 1.5%). The line of credit is collateralized by a general security agreement. At March 31, 2016 and 2015, no amounts were outstanding against the line.

3. Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Leasehold improvements	\$ 621,837	\$ 516,888	\$ 617,808	\$ 503,269
Computer software and database	121,561	69,952	121,561	40,083
Computer equipment	185,067	106,363	148,915	57,897
Furniture and equipment	256,964	209,644	248,555	195,768
Automotive equipment	696,649	407,373	630,591	297,851
	\$ 1,882,078	\$ 1,310,220	\$ 1,767,430	\$ 1,094,868
Net book value		\$ 571,858		\$ 672,562

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

March 31, 2016

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:

	2016	2015
Balance, beginning of year	\$ 23,359	\$ 50,200
Add: amounts received related to subsequent years	24,911	2,050
Less:		
Amounts recognized as revenue during the year	-	(28,891)
Balance, end of year	\$ 48,270	\$ 23,359

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:

	2016	2015
Contributions received for capital purposes	\$ 1,818,967	\$ 1,704,317
Less: accumulated amortization	(1,263,310)	(1,054,804)
	\$ 555,657	\$ 649,513

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

Balance, beginning of year	\$ 649,513	\$ 494,449
Contributions received during the year	145,257	392,185
Amortization of deferred capital contributions	(239,113)	(237,121)
Balance, end of year	\$ 555,657	\$ 649,513

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

March 31, 2016

6. Funds Invested in Capital Assets

Funds invested in capital assets consist of the following:

	2016	2015
Capital assets, net of accumulated amortization	\$ 571,858	\$ 672,562
Less amounts financed by deferred capital contributions	(555,657)	(649,513)
	\$ 16,201	\$ 23,049

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

Purchase of capital assets	\$ 145,257	\$ 392,185
Amortization of deferred capital contributions	239,113	237,121
Amortization of deferred capital donations	-	-
	384,370	629,306
Amortization of capital assets	(245,961)	(245,872)
Deferred capital contributions received to finance purchases of capital assets	(145,257)	(392,185)
	(391,218)	(638,057)
Change in net assets invested in capital assets	\$ (6,848)	\$ (8,751)

7. Pension Plan

CHATS sponsors a defined contribution pension plan for all salaried employees. During 2016, CHATS contributed \$73,180 (2015 - \$62,113) to this pension plan. This amount is included within employee benefits on the statement of operations.

8. Lease Commitments

CHATS operates from various leased premises. Those leases expire between March 31, 2017 to March 31, 2025. The future minimum lease payments for the next 5 years and thereafter are as follows:

2017	\$ 798,279
2018	688,013
2019	644,929
2020	427,227
2021	277,979
Thereafter	961,925
	\$ 3,798,352

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

March 31, 2016

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.

10. Economic Dependence

Approximately 79% (2015 - 79%) 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.

11. Government Funding

Government funding is comprised of funding received from three agency's, the Central LHIN, Ministry of Health and Long Term Care, and Community Care Access Centres

	<u>2016</u>	<u>2015</u>
Central LHIN	\$ 12,896,490	\$ 11,744,328
Community Care Access Centres	621,898	687,025
Ministry of Health and Long Term Care	<u>19,492</u>	<u>39,546</u>
	<u>\$ 13,537,880</u>	<u>\$ 12,470,899</u>

12. Comparative Figures

Certain comparative figures have been reclassified to conform with the method of presentation adopted for the current year.