

**CHATS - Community & Home
Assistance to Seniors
Financial Statements
For the year ended March 31, 2017**

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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, 2017, and the statements 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, 2017, 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 21, 2017

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

March 31 **2017** **2016**

Assets

Current

Cash	\$ 1,129,729	\$ 814,474
Restricted cash (Note 2)	818,345	789,878
Accounts receivable	311,276	305,659
Prepaid expenses	227,121	210,462
	2,486,471	2,120,473

Capital assets (Note 3)

526,933	571,858
\$ 3,013,404	\$ 2,692,331

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities (Note 4)	\$ 1,427,987	\$ 1,362,129
Deferred contributions (Note 5)	45,913	48,270
	1,473,900	1,410,399

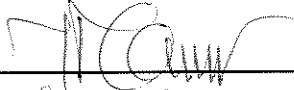
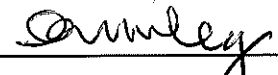
Deferred capital contributions (Note 6)

512,961	555,657
1,986,861	1,966,056

Net assets

Funds invested in capital assets (Note 7)	13,972	16,201
Growth and Stabilization Fund (Note 10)	1,012,571	710,074
	1,026,543	726,275
	\$ 3,013,404	\$ 2,692,331

On behalf of the Board:

 _____ (YASH KAPUR)	Director
 _____ (IAN HULEY)	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	2017	2016
Revenue		
Government funding (Note 12)	\$ 13,940,349	\$ 13,537,880
Service recipient fees	2,716,245	2,545,967
Donations	546,885	336,429
Grants (Note 13)	485,783	315,925
Amortization of deferred capital contributions	219,624	239,113
Interest and other	39,249	57,128
	<u>17,948,135</u>	<u>17,032,442</u>
Expenditures		
Staff salaries and wages	11,423,245	11,079,322
Program and other operating costs	1,767,752	1,386,642
Employee benefits	1,602,922	1,636,493
Contracted out services	971,395	970,843
Building and grounds	867,778	872,351
Equipment maintenance	618,063	453,569
Amortization of capital assets	221,853	245,961
Supplies	174,859	161,087
	<u>17,647,867</u>	<u>16,806,268</u>
Excess of revenue over expenses for the year	\$ 300,268	\$ 226,174

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, 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 7)	(6,848)	6,848	-
Net assets, March 31, 2016	16,201	710,074	726,275
Excess of revenue over expenditures for the year	-	300,268	300,268
Change in funds invested in capital assets (Note 7)	(2,229)	2,229	-
Net assets, March 31, 2017	\$ 13,972	\$ 1,012,571	\$ 1,026,543

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	2017	2016
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	\$ 300,268	\$ 226,174
Adjustments to reconcile excess of revenue over expenditures with net cash provided by operating activities		
Amortization of capital assets	221,853	245,961
Amortization of deferred capital contributions	(219,624)	(239,113)
	<u>302,497</u>	<u>233,022</u>
Changes in non-cash working capital balances		
Accounts receivable	(5,617)	184,449
Prepaid expenses	(16,659)	(103,723)
Accounts payable and accrued liabilities	65,858	(215,082)
Deferred contributions	(2,357)	24,911
	<u>343,722</u>	<u>123,577</u>
Investing activity		
Purchase of capital assets	(176,928)	(145,257)
Financing activity		
Receipt of deferred capital contributions	176,928	145,257
Increase in cash during the year	<u>343,722</u>	<u>123,577</u>
Cash and restricted cash, beginning of year	<u>1,604,352</u>	<u>1,480,775</u>
Cash and restricted cash, end of year	<u>\$ 1,948,074</u>	<u>\$ 1,604,352</u>
Represented by		
Cash	\$ 1,129,729	\$ 814,474
Restricted cash	818,345	789,878
	<u>\$ 1,948,074</u>	<u>\$ 1,604,352</u>

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

CHATS - Community & Home Assistance to Seniors

Notes to Financial Statements

March 31, 2017

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:

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 Financial Statements

March 31, 2017

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. 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 \$14,792 (2016 - \$13,450).

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, 2017

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 \$818,345 (2016 - \$798,878) represents funds restricted for programs approved by Central LHIN.

CHATS has an available operating line of credit of \$300,000 (2016 - \$300,000) which is repayable on demand and bears interest at the bank's prime rate plus 1.5% (2016 - bank prime plus 1.5%). The line of credit is collateralized by a general security agreement. At March 31, 2017 and 2016, no amounts were outstanding against the line.

3. Capital Assets

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Leasehold improvements	\$ 662,664	\$ 532,511	\$ 621,837	\$ 516,888
Computer software and database	131,379	103,094	121,561	69,952
Computer equipment	188,278	159,102	185,067	106,363
Furniture and equipment	277,060	224,942	256,964	209,644
Automotive equipment	799,625	512,424	696,649	407,373
	\$ 2,059,006	\$ 1,532,073	\$ 1,882,078	\$ 1,310,220
Net book value		\$ 526,933		\$ 571,858

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

March 31, 2017

4. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$475,608 (2016 - \$232,886).

5. 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:

	2017	2016
Balance, beginning of year	\$ 48,270	\$ 23,359
Add: amounts received related to subsequent years	46,073	24,911
Less:		
Amounts recognized as revenue during the year	(48,430)	-
Balance, end of year	\$ 45,913	\$ 48,270

6. 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:

	2017	2016
Contributions received for capital purposes	\$ 2,022,928	\$ 1,818,967
Less: accumulated amortization	(1,509,967)	(1,263,310)
	\$ 512,961	\$ 555,657

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

Balance, beginning of year	\$ 555,657	\$ 649,513
Contributions received during the year	176,928	145,257
Amortization of deferred capital contributions	(219,624)	(239,113)
Balance, end of year	\$ 512,961	\$ 555,657

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

March 31, 2017

7. Funds Invested in Capital Assets

Funds invested in capital assets consist of the following:

	2017	2016
Capital assets, net of accumulated amortization	\$ 526,933	\$ 571,858
Less amounts financed by deferred capital contributions	(512,961)	(555,657)
	\$ 13,972	\$ 16,201

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

Purchase of capital assets	\$ 176,928	\$ 145,257
Amortization of deferred capital contributions	219,624	239,113
Increase in net assets invested in capital assets	396,552	384,370
Amortization of capital assets	(221,853)	(245,961)
Deferred capital contributions received to finance purchases of capital assets	(176,928)	(145,257)
Decrease in net assets invested in capital assets	(398,781)	(391,218)
Change in net assets invested in capital assets	\$ (2,229)	\$ (6,848)

8. Pension Plan

CHATS sponsors a defined contribution pension plan for all salaried employees. During 2017, CHATS contributed \$79,857 (2016 - \$73,180) to this pension plan. This amount is included within employee benefits on the statement of operations.

9. Lease Commitments

CHATS operates from various leased premises. Those leases expire between March 31, 2018 to March 31, 2025. The future minimum lease payments for the next 5 years and thereafter are as follows:

2018	\$ 773,638
2019	692,989
2020	457,573
2021	282,362
2022	284,583
Thereafter	682,886
	\$ 3,174,031

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

March 31, 2017

10. 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.

11. Economic Dependence

Approximately 78% (2016 - 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.

12. 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

	2017	2016
Central LHIN	\$ 13,580,803	\$ 12,896,490
Community Care Access Centres	304,606	621,898
Ministry of Health and Long Term Care	54,940	19,492
	\$ 13,940,349	\$ 13,537,880

13. Grants

Grants are comprised of funding received from various agencies including United Way, Ontario Trillium Foundation and Other.

	2017	2016
United Way	\$ 238,603	\$ 238,603
Ontario Trillium Foundation	201,356	72,143
Other	45,824	5,179
	\$ 485,783	\$ 315,925

14. Comparative Figures

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