

Financial statements of

ETOBICOKE SERVICES FOR SENIORS

(O/A ESS Support Services)

March 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of
ETOBICOKE SERVICES FOR SENIORS

We have audited the financial statements of Etobicoke Services for Seniors, which comprise the balance sheet as at March 31, 2018 and the statements of revenue and expenses, 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 Etobicoke Services for Seniors as at March 31, 2018 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.

TORONTO, Ontario
May 29, 2018



Licensed Public Accountants

ETOBICOKE SERVICES FOR SENIORS

Statement of Financial Position

As at March 31	2018	2017
Assets		
Current		
Cash	\$ 567,232	\$ 222,494
Short term investments (note 3)	464,967	462,253
Accounts receivable	194,595	204,950
Public service body rebate receivable	49,645	36,036
Prepaid expenses	29,498	44,732
	1,305,937	970,465
Deferred charge (note 4)	27,125	30,665
Capital assets (note 5)	57,686	95,945
	\$ 1,390,748	\$ 1,097,075
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (note 6)	\$ 528,301	\$ 333,996
Deferred revenue (note 7)	343,848	329,092
Due to Ministry of Health and Long-Term Care (note 13)	80,727	32,501
	952,876	695,589
Deferred equipment and building grants (note 8)	57,686	95,945
	1,010,562	791,534
Net assets		
Operating reserve (note 11)	370,000	300,000
Unrestricted	10,186	5,541
	380,186	305,541
	\$ 1,390,748	\$ 1,097,075

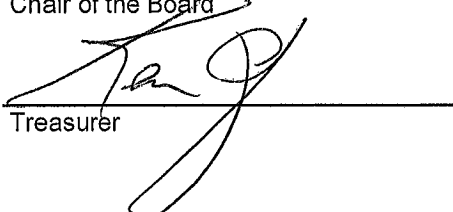
Commitments and contingencies (notes 12 and 13, respectively)

See accompanying notes to financial statements.

On behalf of the Board:



Chair of the Board


Treasurer

ETOBICOKE SERVICES FOR SENIORS

Statement of Revenue and Expenses

Year ended March 31	2018	2017
Revenue		
Ministry of Health and Long-Term Care - program funding (notes 13, 14)	\$ 3,404,337	\$ 3,400,966
- one-time funding (note 15)	243,284	29,478
Client fees	574,863	557,339
Recoveries from external sources (note 10)	556,589	569,964
Other revenues (note 9)	286,604	223,698
United Way	224,122	226,996
Fundraising projects and donations	83,823	72,528
The City of Toronto	55,027	50,165
G.H. Wood Foundation	18,973	35,625
City of Toronto Long-Term Care Homes & Services - one-time funding	7,357	22,815
The Ontario Trillium Foundation	3,540	3,540
	5,458,519	5,193,114
Expenses		
Salaries and wages	3,516,288	3,547,493
Ministry of Health and Long-Term Care - one-time expenditures (note 15)	243,284	29,478
Benefits	558,702	630,990
Occupancy	333,030	310,296
Purchased services	143,077	105,061
Food services	136,114	136,436
Other operating	107,933	69,350
Office expenses	105,271	89,037
Travel	102,286	94,973
Fundraising expenses	37,143	32,322
Training - staff	36,296	40,851
Service supplies	36,050	33,434
Volunteer training and recognition	16,483	9,327
City of Toronto Long-Term Care Homes & Services - one-time expenditures	7,357	22,815
Computer expenses	4,560	3,495
	5,383,874	5,155,358
Excess of revenue over expenses before amortization	74,645	37,756
Amortization of deferred grants	38,259	33,362
Amortization of capital assets	(38,259)	(33,362)
Excess of revenue over expenses for the year	\$ 74,645	\$ 37,756

See accompanying notes to financial statements.

ETOBICOKE SERVICES FOR SENIORS
Statement of Changes in Net Assets

Year ended March 31	Operating reserve (note 11)	Unrestricted	2018 Total	2017 Total
Balance, beginning of year	\$ 300,000	\$ 5,541	\$ 305,541	\$ 267,785
Excess of revenue over expenses	-	74,645	74,645	37,756
Transfers	70,000	(70,000)	-	-
Balance, end of year	\$ 370,000	\$ 10,186	\$ 380,186	\$ 305,541

See accompanying notes to financial statements.

ETOBICOKE SERVICES FOR SENIORS
Statement of Cash Flows

Year ended March 31	2018	2017
Cash provided by operating activities:		
Excess of revenue over expenses for the year	\$ 74,645	\$ 37,756
Items not requiring an outlay of cash:		
Amortization of deferred charge	3,540	3,540
Amortization of deferred grants	(38,259)	(33,362)
Amortization of capital assets	38,259	33,362
	78,185	41,296
Changes in non-cash working capital items:		
Accounts receivable	10,355	(49,203)
Public service body rebate receivable	(13,609)	(4,174)
Prepaid expenses	15,234	(34,592)
Short term investments	(2,714)	(132,772)
Accounts payable and accrued liabilities	194,305	30,985
Deferred revenue	14,756	141,338
Due to Ministry of Health and Long-Term Care	48,226	19,003
	266,553	(29,415)
Net cash provided by operating activities	344,738	11,881
Cash provided (used) by financing and investing activities:		
Equipment and building grants received	-	24,475
Purchase of capital assets	-	(24,475)
Cash provided by financing and investing activities	-	-
Increase in cash	344,738	11,881
Cash, beginning of year	222,494	210,613
Cash, end of year	\$ 567,232	\$ 222,494

See accompanying notes to financial statements.

ETOBICOKE SERVICES FOR SENIORS

Notes to the Financial Statements

March 31, 2018

1 Organization

Etobicoke Services For Seniors ("the Agency") is a not-for-profit community support agency that serves seniors, older adults with disabilities, families and caregivers in the Etobicoke community. The Agency provides a diverse range of services and accredited programs designed to support the independence, social well-being and health of the seniors and older adults, along with a helping hand and respite for families and caregivers.

The Agency is principally funded by the Ministry of Health and Long-Term Care through the Ontario Central Local Health Integration Network and the Toronto Central Local Health Integration Network, Mississauga Halton Local Health Integration Network, United Way Toronto, the City of Toronto and the Geoffrey H. Wood Foundation.

The Agency was incorporated on September 18, 1984 by Letters Patent of the Ministry of Consumer and Commercial Relations and is a registered charity under the Income Tax Act. Accordingly, the Agency is exempt from income taxes provided certain criteria are met.

2 Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Revenue recognition

(i) Contributions

The Agency follows the deferral method of accounting for contributions which include donations and government grants.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted donations are recognized as revenue in the year in which the related expenses are recognized. Grants and donations received and restricted for the purchase of capital assets, are deferred and amortized into income at the same rate as the associated capital asset is amortized.

The Agency receives funding from the Province of Ontario in accordance with budget arrangements established by the Ministry of Health and Long-Term Care ("the Ministry") under the Health Insurance Act and its Regulations. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by the Ministry with respect to the year ended March 31, 2018.

(ii) Client fees

Client fees are recorded as revenue once the service has been provided.

(iii) Special events

Special events revenue is recognized on completion of the event.

(iv) Bequests

The Agency may be the beneficiary under various wills and trust agreements. The total realizable amounts are not at present readily determinable. The Agency recognizes such bequests when the proceeds are received.

(v) Investment income

Investment income is recognized on an accrual basis.

(b) Cash

Cash includes cash deposits with financial institutions and petty cash.

ETOBICOKE SERVICES FOR SENIORS

Notes to the Financial Statements

March 31, 2018

2 Significant accounting policies (continued)

(c) Capital assets

The Agency records capital assets at cost. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized in the statement of revenue and expenses when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the capital asset exceeds its fair value. An impairment loss is not reversed if the fair value of the capital asset subsequently increases. As at March 31, 2018, no such impairment exists.

Capital assets are amortized on a straight-line basis using the following annual rates:

Vehicles	5 years
Furniture and equipment	3 years
Computer equipment and software	3 years
Leasehold improvements	15 years

(d) Contributed goods and services

The value of goods and services is recorded as revenue and an expense in the financial statements when the fair value can be reasonably estimated and when the goods and services would otherwise be purchased if not donated.

Volunteers provide invaluable donated services to the Agency. Since volunteer time is not purchased, these contributed services are not recognized in the financial statements. Volunteers have provided 11,980 (2017 - 12,013) hours of contributed services during the year including transportation.

(e) Financial instruments

(i) Measurement

The Agency initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Agency subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash, short term investments and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(ii) Impairment

At the end of each reporting period, the Agency assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Agency. When there is an indication of impairment, the Agency determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When the Agency identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the asset to the highest of the following: i) the present value of the cash flows expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset; ii) the amount that could be realized by selling the asset at the statement of financial position date; and iii) the amount the Agency expects to realize by exercising its rights to any collateral held to secure repayment of the asset net of all costs necessary to exercise those rights. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statement of revenue and expenses.

ETOBICOKE SERVICES FOR SENIORS

Notes to the Financial Statements

March 31, 2018

2 Significant accounting policies (continued)

(e) Financial instruments (continued)

(ii) Impairment (continued)

When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, directly or by adjusting the allowance account. The amount of the reversal is recognized in the statement of revenue and expenses in the year the reversal occurs.

(iii) Transaction costs

Transaction costs are recognized in the statements of operations in the year incurred, except for financial instruments that will be subsequently measured at amortized cost.

(f) Management estimates

The preparation of financial statements in conformity 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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the current period. Significant estimates include the useful lives of capital assets and impairment of receivables.

All estimates are reviewed periodically and adjustments are made to the statement of operations as appropriate in the year they become known.

3 Short term investments

Short term investments comprise cashable guaranteed investment certificates earning interest at a rate of 1.15% (2017 - 0.674% to 0.74%) and maturing on August 23, 2018 (2017 - September and December 2017).

4 Deferred charge

The Agency has paid in advance a portion of their lease commitment in the amount of \$53,100 for its new premises, which commenced October 1, 2010. The deferred charge is being amortized into occupancy expense over 15 years at \$3,540 per annum.

5 Capital assets

As at March 31	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Vehicles	\$ 378,835	\$ (321,149)	\$ 378,835	\$ (286,438)
Furniture and equipment	114,916	(114,916)	114,916	(114,916)
Computer equipment and software	90,473	(90,473)	90,473	(86,925)
Leasehold improvements	354,317	(354,317)	354,317	(354,317)
	\$ 938,541	\$ (880,855)	\$ 938,541	\$ (842,596)
Net book value		\$ 57,686		\$ 95,945

ETOBICOKE SERVICES FOR SENIORS

Notes to the Financial Statements

March 31, 2018

6 Accounts payable and accrued liabilities

As at March 31	2018	2017
Payroll and vacation accruals	\$ 258,615	\$ 182,187
Trade payables and accrued liabilities	174,783	145,553
Alzheimer Society Peel funding, repayable to Bridges to Care (note 16)	91,705	-
Government remittances payable	3,198	6,256
	\$ 528,301	\$ 333,996

7 Deferred revenue

Deferred revenue consists of the following:

As at March 31	2018	2017
G.H. Wood Foundation	\$ 151,842	\$ 170,816
Supportive housing grants	118,187	118,186
The Ontario Trillium Foundation	26,550	30,090
City of Toronto	20,470	-
Prevent Type 2 Diabetes Fund	11,698	-
Thomas Brennan Fund	10,000	10,000
Enabling Accessibility Fund	5,101	-
	\$ 343,848	\$ 329,092

8 Deferred equipment and building grants

Equipment and building grants received for capital purposes totaled \$nil in the current year (2017 - \$24,475). Activity in deferred equipment and building grants is as follows:

As at March 31	2018	2017
Balance, April 1	\$ 95,945	\$ 104,832
Received during the year	-	24,475
Amortization of deferred capital funding	(38,259)	(33,362)
Balance, March 31	\$ 57,686	\$ 95,945

ETOBICOKE SERVICES FOR SENIORS

Notes to the Financial Statements

March 31, 2018

9 Other revenue

Included in other revenue are the following items:

	2018	2017
Transportation partnerships	\$ 281,182	\$ 181,054
Interest income	5,222	3,041
Centre of Independent Living in Toronto	-	17,460
Mississauga Halton Community Care Access Centre Funding	-	14,818
Designated donations	200	3,188
New Horizons for Seniors Program - Ontario	-	3,050
Enabling Accessibility in Community Program	-	1,087
Total other revenue	\$ 286,604	\$ 223,698

10 Recoveries from external sources

Expense recoveries includes \$254,146 (2017 - \$215,023) received for the Adult Day Program at Wesburn Manor. Additional recoveries totaling \$302,443 (2017 - \$354,941) have been received from other agencies for expense recoveries related to services provided.

11 Operating reserve

The Operating Reserve is a reserve for general operating contingencies and is not available for use by the Agency without prior approval of the Board of Directors. In the current year \$70,000 (2017 - \$34,000) was transferred to the Operating Reserve.

12 Commitments

(a) Equipment leases

The Agency has lease commitments for equipment that require the following minimum annual payments, excluding HST:

2019	\$	9,458
2020	\$	2,178
2021	\$	2,178

(b) Vehicle leases

The Agency has lease commitments for vehicles that require the following minimum annual lease payments, excluding HST:

2019	\$	42,597
2020	\$	42,597
2021	\$	42,597
2022	\$	42,597
2023	\$	34,552

The minimum annual lease payments are being funded by the Circle of Care.

(c) Tenancy Agreements

The Agency has lease commitments for program space that require the following minimum annual lease payments:

2019	\$	34,884
2020	\$	10,500

The Agency occupies various premises for the administration offices, education, training and day programs on a month to month basis.

ETOBICOKE SERVICES FOR SENIORS

Notes to the Financial Statements

March 31, 2018

12 Commitments (continued)

(d) Line of credit

The Agency has entered into a revolving demand facility agreement with the Royal Bank of Canada. This credit facility is not to exceed \$90,000 and is available in increments of \$5,000. Annual interest is calculated at the Royal Bank Prime Rate plus 2.30% and is repayable on demand. The facility is unsecured.

As of March 31, 2018, this facility has not been used.

13 Contingent liabilities

The Agency receives funding from the Ministry of Health and Long-Term Care ("the Ministry") to assist with the expenditures of the organization based on a pre-approved budget. The amount of funding provided to the Agency is subject to final review and approval by the Ministry.

As at the date of these financial statements, funding for the period of April 1, 2016 to March 31, 2017 has been subject to initial review whereas funding for the period April 1, 2017 to March 31, 2018 has not been subject to this review process. As at March 31, 2018, a payable of \$80,727 (2017 - \$32,501) has been recorded as due to the Ministry for this period. Any adjustments required as a result of the Ministry's review will be accounted for in the year of settlement.

14 Economic dependence

The Agency received \$3,404,337 (2017 - \$3,400,966) of operating funding from the Government of Ontario. This funding represents approximately 62% (2017 - 65%) of the total revenues of the Agency.

The Agency provides an Annual Report to the Government of Ontario reconciling funding to expenditures. The Annual Reports are used to determine whether any amounts must be repaid to the Government of Ontario. Amounts repayable are estimated and accrued in the financial statements. The Government of Ontario may terminate the servicing agreement if it determines that the Agency is in breach of any of its terms and conditions and the breach is not cured within an established time period after written notice of the breach is provided. Upon termination, funding received in relation to certain capital assets may have to be repaid to the Government of Ontario if the related assets are sold.

15 Ministry of Health and Long-Term Care one-time funding

The Agency has received \$243,284 (2017 - \$29,478) from the Ministry of Health and Long-Term Care for various one-time initiatives which have been accounted for in accordance with guidelines set by the Ministry.

16 Alzheimer Society of Peel one-time funding

The Agency received \$494,200 (2017 - \$nil) from Alzheimer Society Peel to implement the Mississauga Halton LHIN's Bridges to Care programming model and \$10,000 (2017 - \$nil) to increase access to community dementia programs.

The Agency is carrying out these initiatives on behalf of Alzheimer Society Peel as an agent and accordingly has not recognized the funding and related expenses associated with these programs.

The Agency has recorded \$91,705 (2017 - \$nil) received from Alzheimer Society Peel and unspent as at March 31, 2018 as repayable to the Alzheimer Society of Peel.

ETOBICOKE SERVICES FOR SENIORS

Notes to the Financial Statements

March 31, 2018

17 Financial instruments

The Agency is exposed to various risks through its financial instruments. The following analysis provides a measure of the Agency's risk exposure and concentrations. The financial instruments and the nature of the risks to which they may be subject are as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Agency is exposed to credit risk through its cash, short term investments and accounts receivable.

The Agency's bank accounts are held at one financial institution and funds on deposit exceed the maximum amount insured and hence there is a concentration of credit risk.

Credit risk related to investments is minimized by ensuring that these assets are invested in credit-worthy parties.

Accounts receivable are unsecured. Other receivables are comprised of HST receivable and amounts due from the Ministry of Health and Long-Term Care which are secured by provincial and / or federal governments.

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.

The Agency is not exposed to currency risk or other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Agency's cash includes amounts on deposit with financial institutions that earn interest at market rates. The Agency manages its exposure to the interest rate risk of its cash by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on the Agency's results of operations.

The primary objective of the Agency with respect to its fixed income investments is to ensure the security of principal amounts invested, provide for a high degree of liquidity, and achieve a satisfactory investment return.

Changes in risk

There have been no changes in the Agency's risk exposures from the prior year.