

Financial statements of

ETOBICOKE SERVICES FOR SENIORS

(O/A ESS Support Services)

March 31, 2019

D C Tinkham FCPA FCA CMC LPA
P J Brocklesby CPA CA LPA
M Y Tkachenko CPA CA
M W G Rooke CPA CA LPA
A C Callas CPA CA
C R Braun CPA CA
G P Kroeplin CPA

300 - 2842 Bloor Street West
Toronto Ontario M8X 1B1
Canada

TEL 1 416 233 2139
TOLL FREE 1 877 283 3305
FAX 1 416 233 1788

TINKHAMCPA.COM

INDEPENDENT AUDITOR'S REPORT

To the Members of
ETOBICOKE SERVICES FOR SENIORS

Opinion

We have audited the financial statements of the Etobicoke Services for Seniors ("the Agency"), which comprise the statement of financial position as at March 31, 2019, and the statements of revenue and expenses, 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 the Agency as at March 31, 2019, 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.

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 Agency 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 the 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 Agency'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 Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Agency'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 Agency'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 doubt on the Agency'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 Agency 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.

TORONTO, Ontario
May 28, 2019

A handwritten signature in blue ink, consisting of a stylized cursive name followed by the initials 'WLP'.

Licensed Public Accountants

ETOBICOKE SERVICES FOR SENIORS
Statement of Financial Position

As at March 31 2019 2018

Assets

Current

Cash	\$ 428,450	\$ 567,232
Short term investments (note 3)	472,208	464,967
Accounts receivable	164,359	194,595
Public service body rebate receivable	35,923	49,645
Prepaid expenses	24,471	30,073

1,125,411 1,306,512

Deferred charge (note 4) 23,010 26,550

Capital assets (note 5) 61,799 57,686

\$ 1,210,220 \$ 1,390,748

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities (note 6)	\$ 294,511	\$ 528,301
Deferred revenue (note 7)	344,409	343,848
Due to Ministry of Health and Long-Term Care (note 13)	136,157	80,727

775,077 952,876

Deferred equipment and building grants (note 8) 61,799 57,686

836,876 1,010,562

Net assets

Operating reserve (note 11)	370,000	370,000
Unrestricted	3,344	10,186

373,344 380,186

\$ 1,210,220 \$ 1,390,748

Commitments and contingencies (notes 12 and 13, respectively)

See accompanying notes to financial statements.

On behalf of the Board:

Erica Teklits

Chair of the Board

Ken Chong

Treasurer

ETOBICOKE SERVICES FOR SENIORS
Statement of Revenue and Expenses

Year ended March 31	2019	2018
Revenue		
Ministry of Health and Long-Term Care		
- Central LHIN program funding (notes 13, 14)	\$ 3,315,524	\$ 3,237,816
- Central LHIN one-time funding (note 15)	37,119	30,701
- Toronto Central LHIN program funding (notes 13, 14)	131,667	166,521
- Toronto Central LHIN one-time funding (note 15)	87,403	212,583
Client fees	520,793	574,863
Recoveries from external sources (note 10)	341,402	556,589
Other revenues (note 9)	290,784	286,604
United Way	223,156	224,122
Fundraising projects and donations	82,250	83,823
The City of Toronto	63,948	55,027
G.H. Wood Foundation	10,574	18,973
The Ontario Trillium Foundation	3,540	3,540
City of Toronto Long-Term Care Homes & Services - one-time funding	-	7,357
	5,108,160	5,458,519
Expenses		
Salaries and wages	3,512,960	3,516,288
Benefits	546,549	558,702
Occupancy	340,976	333,030
Food services	128,680	136,114
Ministry of Health and Long-Term Care - one-time expenditures (note 15)	124,522	243,284
Purchased services	121,490	143,077
Travel	101,762	102,286
Other operating	97,673	112,492
Office expenses	55,012	105,272
Service supplies	27,495	36,050
Fundraising expenses	27,055	37,143
Training - staff	25,401	36,296
Volunteer training and recognition	5,427	16,483
City of Toronto Long-Term Care Homes & Services - one-time expenditures	-	7,357
	5,115,002	5,383,874
Excess (deficiency) of revenue over expenses before amortization	(6,842)	74,645
Amortization of deferred grants	26,357	38,259
Amortization of capital assets	(26,357)	(38,259)
Excess (deficiency) of revenue over expenses for the year	\$ (6,842)	\$ 74,645

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	2019 Total	2018 Total
Balance, beginning of year	\$ 370,000	\$ 10,186	\$ 380,186	\$ 305,541
Excess (deficiency) of revenue over expenses	-	(6,842)	(6,842)	74,645
Balance, end of year	\$ 370,000	\$ 3,344	\$ 373,344	\$ 380,186

See accompanying notes to financial statements.

ETOBICOKE SERVICES FOR SENIORS**Statement of Cash Flows**

Year ended March 31	2019	2018
Cash provided by operating activities:		
Excess (deficiency) of revenue over expenses for the year	\$ (6,842)	\$ 74,645
Items not requiring an outlay of cash:		
Amortization of deferred charge	3,540	3,540
Amortization of deferred grants	(26,357)	(38,259)
Amortization of capital assets	26,357	38,259
	(3,302)	78,185
Changes in non-cash working capital items:		
Accounts receivable	30,236	10,355
Public service body rebate receivable	13,722	(13,609)
Prepaid expenses	5,602	15,234
Short term investments	(7,241)	(2,714)
Accounts payable and accrued liabilities	(233,790)	194,305
Deferred revenue	561	14,756
Due to Ministry of Health and Long-Term Care	55,430	48,226
	(135,480)	266,553
Net cash provided (used) by operating activities	(138,782)	344,738
Cash provided (used) by financing and investing activities:		
Equipment and building grants received	30,470	-
Purchase of capital assets	(30,470)	-
Cash provided by financing and investing activities	-	-
Increase (decrease) in cash	(138,782)	344,738
Cash, beginning of year	567,232	222,494
Cash, end of year	\$ 428,450	\$ 567,232

See accompanying notes to financial statements.

ETOBICOKE SERVICES FOR SENIORS

Notes to the Financial Statements

March 31, 2019

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, 2019.

(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, 2019

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, 2019, 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 18,329 (2018 - 11,980) 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, 2019

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 2.10% (2018 - 1.15%) and maturing on November 5, 2019 (2018 - August 23, 2018).

4 Deferred charge

The Agency has paid in advance a portion of their lease commitment in the amount of \$53,100 for its 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	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Vehicles	\$ 173,561	\$ (141,386)	\$ 378,835	\$ (321,149)
Furniture and equipment	114,916	(114,916)	114,916	(114,916)
Computer equipment and software	120,943	(91,319)	90,473	(90,473)
Leasehold improvements	354,317	(354,317)	354,317	(354,317)
	\$ 763,737	\$ (701,938)	\$ 938,541	\$ (880,855)
Net book value		\$ 61,799		\$ 57,686

ETOBICOKE SERVICES FOR SENIORS

Notes to the Financial Statements

March 31, 2019

6 Accounts payable and accrued liabilities

As at March 31	2019	2018
Payroll and vacation accruals	\$ 193,158	\$ 258,615
Trade payables and accrued liabilities	95,096	266,488
Government remittances payable	6,257	3,198
	\$ 294,511	\$ 528,301

7 Deferred revenue

Deferred revenue consists of the following:

As at March 31	2019	2018
G.H. Wood Foundation	\$ 141,268	\$ 151,842
Supportive housing grants	118,187	118,187
The Ontario Trillium Foundation	23,010	26,550
City of Toronto	42,900	20,470
Prevent Type 2 Diabetes Fund	-	11,698
Thomas Brennan Fund and Give 65	14,996	10,000
Enabling Accessibility Fund	3,048	5,101
Walmart Community Grant	1,000	-
	\$ 344,409	\$ 343,848

8 Deferred equipment and building grants

Equipment and building grants received for capital purposes totaled \$30,470 in the current year (2018 - \$nil). Activity in deferred equipment and building grants is as follows:

As at March 31	2019	2018
Balance, April 1	\$ 57,686	\$ 95,945
Received during the year	30,470	-
Amortization of deferred capital funding	(26,357)	(38,259)
Balance, March 31	\$ 61,799	\$ 57,686

ETOBICOKE SERVICES FOR SENIORS

Notes to the Financial Statements

March 31, 2019

9 Other revenue

Included in other revenue are the following items:

	2019	2018
Transportation partnerships	\$ 264,142	\$ 281,182
Interest income	11,132	5,222
Centre of Independent Living in Toronto	8,944	-
Gain on disposal of capital asset	2,800	-
Enabling Accessibility in Community Program	2,053	-
Designated donations	1,713	200
Total other revenue	\$ 290,784	\$ 286,604

10 Recoveries from external sources

Expense recoveries includes \$227,757 (2018 - \$254,146) received for the Adult Day Program at Wesburn Manor. Additional recoveries totaling \$113,645 (2018 - \$302,443) 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 \$nil (2018 - \$70,000) 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:

2020	\$	10,964
2021	\$	10,964
2022	\$	8,786
2023	\$	8,786

(b) Vehicle leases

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

2020	\$	42,597
2021	\$	42,597
2022	\$	42,597
2023	\$	31,673

The minimum annual lease payments are funded by the Circle of Care (iRide Partnership).

(c) Tenancy agreements

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, 2019

12 Commitments (continued)

(d) Construction contracts

The Agency has entered into fixed price construction contracts for Humbervale Place Seniors Residence and Central King Seniors Residence housing upgrade projects of \$260,000 and \$148,000, respectively. These projects are being carried out on behalf of the Ministry of Health and Long-Term Care on a cost recovery basis.

(e) 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, 2019, 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 April 1, 2018 to March 31, 2019 has not been subject to this review process. As at March 31, 2019, a payable of \$136,157 (2018 - \$80,727) 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 \$3,447,191 (2018 - \$3,404,337) of operating funding from the Government of Ontario. This funding represents approximately 67% (2018 - 62%) 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 \$147,863 (2018 - \$243,284) from the Ministry of Health and Long-Term Care for various one-time initiatives of which \$124,522 (2018 - \$243,284) was recognized as revenue and \$23,341 (2018 - \$nil) was recognized in deferred equipment and building grants in accordance with guidelines set by the Ministry.

ETOBICOKE SERVICES FOR SENIORS

Notes to the Financial Statements

March 31, 2019

16 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 public service body rebate 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.