

Financial statements of

STOREFRONT HUMBER INCORPORATED

March 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of
STOREFRONT HUMBER INCORPORATED

Opinion

We have audited the financial statements of Storefront Humber Incorporated ("the Organization"), which comprise the balance sheet as at March 31, 2021, and the statements of revenues 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 Organization as at March 31, 2021, 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 Organization 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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
June 29, 2021

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

Licensed Public Accountants

STOREFRONT HUMBER INCORPORATED

Balance Sheet

As at March 31	2021	2020
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Assets

Current

Cash and equivalents (note 3)	\$ 1,102,561	\$ 718,543
Investments (note 4)	1,705,327	1,144,119
Accounts receivable	406,164	198,119
Public service body rebate receivable	30,557	35,812
Prepaid expenses	55,374	152,317
	3,299,983	2,248,910
Investments (note 4)	2,203,267	3,324,912
Capital assets (note 5)	560,640	439,077
	\$ 6,063,890	\$ 6,012,899

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 306,293	\$ 635,239
Due to Ministry of Health (note 9)	1,000,000	500,000
Deferred revenue (note 6)	65,000	62,126
	1,371,293	1,197,365
Deferred capital contributions (note 7)	12,066	17,287
	1,383,359	1,214,652
Net assets		
Invested in capital assets	548,574	421,790
Internally restricted (note 8)	3,365,000	3,945,000
Unrestricted	766,957	431,457
	4,680,531	4,798,247
	\$ 6,063,890	\$ 6,012,899

Contingency (note 9)

Guarantees and indemnities (note 10)

Subsequent event (note 11)

See accompanying notes to the financial statements.

On behalf of the Board:

_____ Director

_____ Director

STOREFRONT HUMBER INCORPORATED**Statement of Revenues and Expenses**

Year ended March 31	2021	2020
Revenues		
Subsidies - Ontario Ministry of Health	\$ 3,577,413	\$ 3,506,029
Grants - United Way	163,732	157,068
- City of Toronto	66,191	59,436
- Other	9,218	12,000
Program fees	2,997,857	2,886,888
Interest	76,203	104,340
Donations and fundraising and other	10,007	18,076
	6,900,621	6,743,837
Expenses		
Salaries, benefits and purchased services (note 12)	6,276,506	6,021,263
Office expenses and program supplies	386,428	304,989
Building occupancy	107,650	115,476
Professional fees	88,720	50,992
Travel	67,715	108,042
Conferences and training	51,050	33,328
Insurance	43,162	20,501
HST expense (net of recovery)	30,551	30,894
Vehicle	21,318	38,752
Promotion and volunteer recruitment	7,680	28,421
Accreditation	5,366	-
Food services	669	31,393
Prior year expense recovery	(199,784)	-
	6,887,031	6,784,051
Excess (deficiency) of revenue over expenses before undernoted item	13,590	(40,214)
Amortization of deferred capital contributions	5,221	5,214
Amortization of capital assets	(136,527)	(69,859)
Deficiency of revenue over expenses for the year	\$ (117,716)	\$ (104,859)

STOREFRONT HUMBER INCORPORATED
Statement of Changes in Net Assets

Years ended March 31	Invested in capital assets	Internally restricted (note 8)	Unrestricted	2021 Total	2020 Total
Balance, beginning of year	\$ 421,790	\$ 3,945,000	\$ 431,457	\$ 4,798,247	\$ 4,903,106
Excess (deficiency) of revenue over expenses for the year	(131,306)	-	13,590	(117,716)	(104,859)
Transfers	258,090	(580,000)	321,910	-	-
Balance, end of year	\$ 548,574	\$ 3,365,000	\$ 766,957	\$ 4,680,531	\$ 4,798,247

STOREFRONT HUMBER INCORPORATED
Statements of Cash Flows

Year ended March 31	2021	2020
Cash provided (used) by operations:		
Deficiency of revenue over expenses for the year	\$ (117,716)	\$ (104,859)
Items not requiring an outlay of cash:		
Amortization of deferred capital contributions	(5,221)	(5,214)
Amortization of capital assets	136,527	69,859
	13,590	(40,214)
Net change in non-cash working capital balances:		
Accounts receivable	(208,045)	165,893
Public service body rebate receivable	5,255	(15,232)
Prepaid expenses	96,943	(94,809)
Accounts payable and accrued liabilities	(328,946)	16,720
Due to Ministry of Health	500,000	-
Deferred revenue	2,874	28,228
	68,081	100,800
Net cash provided by operating activities	81,671	60,586
Cash provided (used) by financing and investing activities:		
Purchase of investments (net)	560,437	(48,444)
Purchase of capital assets	(258,090)	(216,931)
Net cash provided (used) by financing and investing activities	302,347	(265,375)
Increase (decrease) in cash	384,018	(204,789)
Cash, beginning of year	718,543	923,332
Cash, end of year	\$ 1,102,561	\$ 718,543

STOREFRONT HUMBER INCORPORATED

Notes to the Financial Statements

March 31, 2021

1 Organization

Storefront Humber Incorporated ("the Organization") was incorporated without share capital under the laws of the Province of Ontario. The Organization is a registered charity under the Income Tax Act (Canada) and accordingly is exempt from income taxes.

The Organization is a not-for-profit community support agency that endeavours to enhance the quality of life for seniors and adults with disabilities through the delivery of home support services, which promote independent living in the community.

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 Organization follows the deferral method of accounting for contributions which include subsidies, 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 and grants 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.

(ii) Program fees

Program fees revenue is recognized as services are rendered.

(iii) Interest income

Investment income is recognized on an accrual basis.

(b) Cash and equivalents

Cash includes cash deposits with financial institutions and petty cash.

(c) Short-term investments

Short-term investments comprise guaranteed investment certificates and are carried at amortized cost.

(d) Capital assets

The Organization 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. When conditions indicate a capital asset no longer contributes to the Organization's ability to provide services or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount, its net carrying amount is written down to its fair value or replacement cost. As at March 31, 2021, no such impairment exists.

Capital assets are amortized on a straight-line basis, except where otherwise noted, using the following annual rates:

Vehicles	30% declining balance
Leasehold improvements	10 years
Furniture and equipment	5 years
Computer and equipment	3 years

STOREFRONT HUMBER INCORPORATED

Notes to the Financial Statements

March 31, 2021

2 Significant accounting policies (continued)

(e) Internally restricted net assets

The internally restricted net assets are not available for use by the Organization without prior approval of the Board of Directors and are comprised as follows:

- (i) The Accreditation reserve fund was established to fund future expenditures incurred for the Organization to become an accredited organization and to maintain its status.
- (ii) The Computer reserve fund was established to fund future expenditures for the replacement of computer and telephone equipment.
- (iii) The Leasehold reserve fund was established to fund future leasehold improvements.
- (iv) The Vehicle reserve fund was established to fund future replacements of the Organization's vehicles. The vehicles are used in a variety of the Organization's programs for seniors and the disabled.
- (v) The Succession planning reserve fund was established to fund the process necessary to plan for the succession of senior management positions.
- (vi) The Training and education reserve fund was established to fund board and staff training and education costs.
- (vii) The Innovative models of care reserve fund was established to fund future partnerships with educational institutions, hospitals or other providers to develop innovative models of care for seniors at home.
- (viii) The Client subsidy reserve fund was established to fund client fees for those clients that are unable to afford the service.
- (ix) The Safety reserve fund was established to fund general operating contingencies.
- (x) The Integration reserve fund was established to fund future integration initiatives.

(f) Contributed goods and services

Contributed materials and services are not recognized in the financial statements due to difficulty of determining their fair value.

Volunteers provide invaluable donated services to the Organization. Volunteers have provided 2,859 (2020 - 1,440) hours of contributed services for the year ending March 31, 2021.

(g) Financial instruments

(i) Measurement

The Organization 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 Organization subsequently measures its financial assets and financial liabilities at amortized cost.

(ii) Impairment

When there is an indication of impairment or such an impairment is determined to have occurred, the carrying amount of financial assets is reduced by the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of that asset. If the circumstances that led to the Organization recording an impairment improve and management determines that all or a portion of the impairment can be recovered, the impairment is reversed up the amount that the financial asset would have otherwise been recorded at on the reversal date. There are no indications of impairment as at March 31, 2021.

STOREFRONT HUMBER INCORPORATED

Notes to the Financial Statements

March 31, 2021

2 Significant accounting policies (continued)

(h) 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 impairment of accounts receivable, the useful lives of capital assets, accruals for liabilities and settlements with funders.

Actual results could differ from those estimates, the impact of this would be recorded in future periods. All estimates are reviewed periodically and adjustments are made to the statement of revenues and expenses as appropriate in the year they become known.

3 Cash and equivalents

Included in cash and equivalents is \$659,202 (2020 - \$142,562) in deposits in a savings account bearing interest at 0.25% (2020 - 0.25%) per annum.

4 Investments

As at March 31	2021	2020
Guaranteed investment certificates, bearing interest at rates ranging from 0.30% to 2.95% and (2020 - 1.55% to 2.95%) and maturing on dates ranging from June 27, 2021 to February 5, 2025 (2020 - May 22, 2020 to February 5, 2025)	\$ 3,718,155	\$ 4,314,547
Add: Accrued interest	190,439	154,484
	3,908,594	4,469,031
Less: Long-term investments	(2,203,267)	(3,324,912)
	\$ 1,705,327	\$ 1,144,119

5 Capital assets

As at March 31	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Vehicles	\$ 315,066	\$ 200,489	\$ 315,066	\$ 151,358
Leasehold improvements	1,415,159	1,011,604	1,169,729	943,646
Furniture and equipment	121,361	102,618	115,861	98,230
Computers and equipment	189,339	165,574	182,179	150,524
	\$ 2,040,925	\$ 1,480,285	\$ 1,782,835	\$ 1,343,758
Net book value		\$ 560,640		\$ 439,077

STOREFRONT HUMBER INCORPORATED

Notes to the Financial Statements

March 31, 2021

6 Deferred revenue

As at March 31	2021	2020
Balance, beginning of year	\$ 62,126	\$ 33,898
Additional contributions received	129,831	114,171
Less: amounts amortized to revenue	(126,957)	(85,943)
	\$ 65,000	\$ 62,126

7 Deferred capital contributions

Deferred capital contributions represent the unamortized amount of donations received for vehicles and equipment. Activity in deferred capital contributions is as follows:

As at March 31	2021	2020
Balance, beginning of year	\$ 17,287	\$ 22,501
Less: amounts amortized to revenue	(5,221)	(5,214)
Balance, end of year	\$ 12,066	\$ 17,287

8 Internally restricted funds

	Balance beginning of year	Transfer in	Transfer out	Balance end of year
Accreditation reserve fund	\$ 20,000	\$ -	\$ (20,000)	\$ -
Computer reserve fund	50,000	-	(50,000)	-
Leasehold reserve fund	900,000	-	(800,000)	100,000
Vehicle reserve fund	200,000	-	(150,000)	50,000
Succession planning reserve fund	50,000	-	-	50,000
Training and education reserve fund	25,000	-	-	25,000
Innovative models of care reserve fund	100,000	-	(100,000)	-
Client subsidy reserve fund	50,000	19,100	(19,100)	50,000
Safety reserve fund	1,800,000	25,000	(105,000)	1,720,000
Integration reserve fund	750,000	750,000	(130,000)	1,370,000
Total	\$ 3,945,000	\$ 794,100	\$ (1,374,100)	\$ 3,365,000

9 Contingency

The Organization receives funding from the Ontario Ministry of Health ("the Ministry") to assist with the expenditures of the Organization based on a pre-approved budget. The amount of the funding provided to the Organization 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, 2017 to March 31, 2021 has not been subject to this review process. As at March 31, 2021 an amount of \$1,000,000 (2020 - \$500,000) has been recorded as due to the Ministry. Any adjustments required as a result of this review will be accounted for in the year of settlement.

STOREFRONT HUMBER INCORPORATED

Notes to the Financial Statements

March 31, 2021

10 Guarantees and indemnities

The Organization has indemnified its past, present and future directors, officers and volunteers against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding, subject to certain restrictions, in which they are sued as a result of their involvement with the Organization, if they acted honestly and in good faith with a view to the best interest of the Organization.

The Organization has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions, but there is no guarantee that the coverage will be sufficient should any action arise. A provision will be provided if any significant impact on the financial position of the Organization is likely and estimable. There is no provision for 2021 or 2020.

In the normal course of business, the Organization has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, lease agreements and purchase contracts. In these agreements, the Organization agrees to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of the Organization. The terms of these indemnities are not explicitly defined and the maximum amount of any potential liability cannot be reasonably estimated.

11 Subsequent event

Effective April 1, 2021, the health system planning and funding functions of the Local Health Integration Networks ("LHINs") has been transferred to Ontario Health. LHINs will begin operating under a new business name - Home and Community Care Support Services, to reflect a more focused delivery mandate. Ontario Health will continue to provide financial support to the Organization under the terms and conditions of the Multi-Sector Service Accountability Agreement previously agreed between the Organization and the TC LHIN for the period from April 1, 2021 to March 31, 2022.

12 Group RRSP plan

The Organization participates in a group RRSP plan. The plans are funded by contributions which are made by the employees and matched by the Organization. The employer portion of the group RRSP plan contributions for the year was \$101,858 (2020 - \$101,547).

13 Economic dependence

The Organization received \$3,577,413 (2020 - \$3,506,029) of operating funding from the Government of Ontario. This funding represents 52% (2020 - 52%) of the total revenues of the Organization.

The Organization 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 Organization 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.

The Organization has also received \$2,425,594 (2020 - \$2,298,190) of operating funding from the Ontario Ministry of Long-Term Care through the Toronto and Mississauga Community Care Access Centres. This funding represents 35% (2020 - 34%) of the total revenues of the Organization.

STOREFRONT HUMBER INCORPORATED

Notes to the Financial Statements

March 31, 2021

14 Financial instruments

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization'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 Organization is exposed to credit risk through its cash, investments and accounts receivable.

The Organization'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 which is secured by provincial and / or federal governments.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due. The Organization meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations and anticipating investing and financing activities.

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 Organization 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 Organization's cash includes amounts on deposit with financial institutions that earn interest at market rates. The Organization's investments comprise guaranteed investment certificates which are subject to interest rate changes on maturity. The Organization 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 Organization's results of operations.

The primary objective of the Organization 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 significant changes in the Organization's risk exposures from the prior year.