Financial statements of

STOREFRONT HUMBER INCORPORATED

March 31, 2020

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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, 2020, 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, 2020, 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 25, 2020

Licensed Public Accountants

STOREFRONT HUMBER INCORPORATED

Balance Sheet

As at March 31		**2020**		2019
Assets				
Current				
Cash and equivalents (note 3)	**$**	**718,543**	$	923,332
Investments (note 4)		**1,144,119**		604,975
Accounts receivable		**198,119**		364,012
Public service body rebate receivable		**35,812**		20,580
Prepaid expenses		**152,317**		57,508
		2,248,910		1,970,407
Investments (note 4)		**3,324,912**		3,815,612
Capital assets (note 5)		**439,077**		292,005
	$	**6,012,899**	$	6,078,024
Liabilities and Net Assets				
Current				
Accounts payable and accrued liabilities	**$**	**635,239**	$	618,519
Due to Ministry of Health and Long-Term Care (note 8)		**500,000**		500,000
Deferred revenue		**62,126**		33,898
		1,197,365		1,152,417
Deferred capital contributions (note 6)		**17,287**		22,501
		1,214,652		1,174,918
Net assets				
Invested in capital assets		**421,790**		269,504
Internally restricted (note 7)		**3,945,000**		4,100,000
Unrestricted		**431,457**		533,602
		4,798,247		4,903,106
	$	**6,012,899**	$	6,078,024

Contingency and subsequent event (notes 8 and 9, respectively)

See accompanying notes to the financial statements.

On behalf of the Board:

Lynn Barber Director

Director

STOREFRONT HUMBER INCORPORATED
Statement of Revenues and Expenses

Year ended March 31		2020		2019
Revenues				
Subsidies - Ontario Ministry of Health and Long-Term Care	$	**3,506,029**	$	2,990,498
Grants - United Way		**157,068**		157,068
- City of Toronto		**59,436**		60,671
- Other		**12,000**		26,783
Program fees		**2,886,888**		3,625,766
Interest		**104,340**		89,033
Donations and fundraising		**15,395**		17,705
Amortization of deferred capital contributions		**5,214**		5,237
Other revenue		**2,681**		1,210
		6,749,051		6,973,971
Expenses				
Salaries and wages		**5,107,535**		5,119,558
Employee benefits		**898,401**		867,478
Office expenses and program supplies		**304,989**		190,256
Building occupancy		**115,476**		138,006
Travel		**108,042**		113,013
Amortization of capital assets		**69,859**		54,743
Professional fees		**50,992**		80,619
Vehicle		**38,752**		32,051
Conferences and training		**33,328**		53,694
Food services		**31,393**		11,258
HST expense (net of recovery)		**30,894**		17,937
Promotion and volunteer recruitment		**28,421**		21,945
Insurance		**20,501**		15,735
Purchased services		**15,327**		1,864
Accreditation		**-**		4,784
		6,853,910		6,722,941
Excess (deficiency) of revenue over expenses for the year	$	**(104,859)**	$	251,030

See accompanying notes to the financial statements.

STOREFRONT HUMBER INCORPORATED
Statement of Changes in Net Assets

Years ended March 31	Invested in capital assets	Internally restricted (note 7)	Unrestricted	2020 Total	2019 Total
Balance, beginning of year	$ 269,504	$ 4,100,000	$ 533,602	$ 4,903,106	$ 4,652,076
Excess (deficiency) of revenue over expenses for the year	(64,645)	-	(40,214)	(104,859)	251,030
Transfers	216,931	(155,000)	(61,931)	-	-
Balance, end of year	$ 421,790	$ 3,945,000	$ 431,457	$ 4,798,247	$ 4,903,106

See accompanying notes to the financial statements.

STOREFRONT HUMBER INCORPORATED
Statements of Cash Flows

Year ended March 31		2020		2019
Cash provided by operations:				
Excess (deficiency) of revenue over expenses for the year	$	**(104,859)**	$	251,030
Items not requiring an outlay of cash:				
Amortization of deferred capital contributions		**(5,214)**		(5,237)
Amortization of capital assets		**69,859**		54,743
		(40,214)		300,536
Net change in non-cash working capital balances:				
Accounts receivable		**165,893**		(105,719)
Public service body rebate receivable		**(15,232)**		(637)
Prepaid expenses		**(94,809)**		16,309
Accounts payable and accrued liabilities		**16,720**		73,211
Due to Ministry of Health and Long-Term Care		**-**		500,000
Deferred revenue		**28,228**		(46,911)
		100,800		436,253
Net cash provided by operating activities		**60,586**		736,789
Cash used by financing and investing activities:				
Purchase of investments (net)		**(48,444)**		(583,389)
Purchase of capital assets		**(216,931)**		(39,900)
Net cash used by financing and investing activities		**(265,375)**		(623,289)
Increase (decrease) in cash		**(204,789)**		113,500
Cash, beginning of year		**923,332**		809,832
Cash, end of year	$	**718,543**	$	923,332

See accompanying notes to the financial statements.

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 provided certain criteria are met.

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) Short-term investments

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

(c) Cash and equivalents

Cash includes cash deposits with financial institutions and petty cash.

(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.

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 revenues 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, 2020, 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

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

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 Organization. Since volunteer time is not purchased, these contributed services are not recognized in the financial statements. Volunteers have provided 1,440 (2019 - 2,859) hours of contributed services for the year ending March 31, 2020.

2 Significant accounting policies (continued)

(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. Financial assets measured at amortized cost include cash and equivalents, 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 Organization 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 Organization. When there is an indication of impairment, the Organization 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 Organization 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 Organization 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 statements of revenues and expenses.

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 statements of revenues and expenses in the year the reversal occurs.

(iii) Transaction costs

Transaction costs are recognized in the statements of revenues and expenses in the year incurred, except for financial instruments that will be subsequently measured at amortized cost. Transaction costs associated with the acquisition and disposal of fixed income investments are capitalized and are included in the acquisition costs or reduce proceeds on disposal.

(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 and the useful lives of capital assets.

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 $142,562 (2019 - $310,464) in deposits in a savings account bearing interest at 0.25% (2019 - 1.60%) per annum.

4 Investments

As at March 31	2020	2019
Guaranteed investment certificates, bearing interest at rates ranging from 1.55% to 2.95% and (2019 - 1.40% to 2.95%) and maturing on dates ranging from May 22, 2020 to February 5, 2025 (2019 - April 17, 2019 to February 6, 2024)	**$ 4,314,547**	$ 4,321,489
Add: Accrued interest	**154,484**	99,098
	4,469,031	4,420,587
Less: Long-term investments	**(3,324,912)**	(3,815,612)
	$ 1,144,119	$ 604,975

5 Capital assets

As at March 31	2020		2019	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Leasehold improvements	**$ 1,169,729**	**$ 943,646**	$ 1,166,229	$ 899,894
Furniture and equipment	**115,861**	**98,230**	97,931	97,931
Vehicles	**315,066**	**151,358**	275,785	250,115
Computers and equipment	**182,179**	**150,524**	144,193	144,193
	$ 1,782,835	**$ 1,343,758**	$ 1,684,138	$ 1,392,133
Net book value		**$ 439,077**		$ 292,005

6 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	2020	2019
Balance, beginning of year	**$ 22,501**	$ 27,738
Less: amounts amortized to revenue	**(5,214)**	(5,237)
Balance, end of year	**$ 17,287**	$ 22,501

7 Internally restricted funds

	Balance beginning of year	Transfer in	Transfer out	Balance end of year
Accreditation reserve fund	$ 45,000	$ -	$ (25,000)	$ 20,000
Computer reserve fund	80,000	19,000	(49,000)	50,000
Leasehold reserve fund	1,000,000	-	(100,000)	900,000
Vehicle reserve fund	200,000	100,000	(100,000)	200,000
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	6,000	(6,000)	50,000
Safety reserve fund	1,800,000	-	-	1,800,000
Integration reserve fund	750,000	-	-	750,000
Total	$ 4,100,000	$ 125,000	$ (280,000)	$ 3,945,000

8 Contingency

The Organization receives funding from the Ontario 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 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, 2015 to March 31, 2016 has been subject to initial review whereas funding for the period April 1, 2016 to March 31, 2020 has not been subject to this review process. As at March 31, 2020 an amount of $500,000 (2019 - $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.

9 Subsequent event

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. On March 17, 2020, the Province of Ontario invoked the Emergency Management and Civil Protection Act. On March 24, 2020, the Province of Ontario declared the Organization an essential service. Due to the high level of uncertainty related to the outcome of this pandemic, it is difficult to estimate the financial effect on the Organization. Therefore, no adjustments have been made in these financial statements.

10 Economic dependence

The Organization received $3,506,029 (2019 - $2,990,498) of operating funding from the Government of Ontario. This funding represents 52% (2019 - 43%) 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 $2,298,190 (2019 - $2,207,263) of operating funding from the Ontario Ministry of Health and Long-Term Care through the Toronto and Mississauga Community Care Access Centres. This funding represents 34% (2019 - 32%) of the total revenues of the Organization.

11 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.

Currency risk

Currency risk reflects the risk that the Organization's earnings will decline due to the fluctuations in foreign exchange rates. The Organization has no financial instruments denominated in a foreign currencies and therefore is not exposed to currency 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.

Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments in the market. The Organization is not exposed to other price risk through any of its financial instruments.

Changes in risk

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