

**BOWMANVILLE OLDER
ADULT ASSOCIATION
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2018**

BOWMANVILLE OLDER ADULT ASSOCIATION
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INDEPENDENT AUDITOR'S REPORT

To the Members of the Bowmanville Older Adult Association

Qualified Opinion

We have audited the financial statements of Bowmanville Older Adult Association (the Organization), which comprise the statement of financial position as at December 31, 2018 and December 31, 2017, and the statements of operations and changes in fund balances and cash flows for the years then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2018 and December 31, 2017, and the results of its operations and its cash flows for the years then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses, current assets and fund balances and cash flows from operations for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and net assets as at January 1 and December 31 for both the 2018 and 2017 years.

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 qualified 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 significant 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Smriti Chappell Marsh Vilander LLP

Chartered Accountants, Licensed Public Accountants

June 20, 2019
Oshawa, Ontario

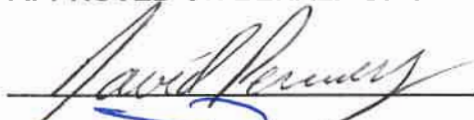

BOWMANVILLE OLDER ADULT ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 149,591	\$ 56,477
Cash - Restricted (Note 3)	93,844	67,875
Accounts receivable	1,241	1,319
HST recoverable	22,200	14,411
Prepaid expenses	13,638	25,912
	280,514	165,994
CAPITAL ASSETS (Note 4)	40,037	42,400
	\$ 320,551	\$ 208,394
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 27,480	\$ 19,854
Government remittances payable	11,168	11,878
Deferred revenue (Note 5)	165,940	50,689
	204,588	82,421
NET ASSETS		
UNRESTRICTED	115,963	94,012
LOTTERY - EXTERNALLY RESTRICTED	-	31,961
	115,963	125,973
	\$ 320,551	\$ 208,394

APPROVED ON BEHALF OF THE BOARD:

 Director
 Director

The accompanying Notes to Financial Statements are an integral part of these statements.

BOWMANVILLE OLDER ADULT ASSOCIATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
REVENUE		
Government grants (Note 6)	\$ 396,136	\$ 352,469
Program revenue (Note 7)	290,349	234,871
Fundraising events and activities (including lottery)	140,695	139,353
Donations	57,491	43,258
Membership fees	36,734	36,227
Rental	25,405	27,659
Interest and other	2,398	709
	949,208	834,546
EXPENSES		
Salaries, wages and benefits	537,155	490,400
Program expenses (Note 7)	85,710	72,927
Grant expenses	38,022	1,456
Utilities	49,470	50,592
Facility maintenance (Note 8)	50,048	41,356
Advertising and promotion	43,536	40,522
Fundraising	54,568	39,877
Contracted services	43,633	38,937
Administrative and general	38,506	34,233
Amortization of capital assets	10,610	8,841
Insurance (Note 8)	7,960	7,274
	959,218	826,415
(EXCESS OF EXPENSES OVER REVENUE) EXCESS REVENUE OVER EXPENSES	\$ (10,010)	\$ 8,131

The accompanying Notes to Financial Statements are an integral part of these statements.

BOWMANVILLE OLDER ADULT ASSOCIATION

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2018

	Unrestrict ed	Lottery	2018	2017
REVENUE	\$ 910,856	\$ 38,352	\$ 949,208	\$ 834,546
EXPENSES	888,905	70,313	959,218	826,415
(EXCESS OF EXPENSES OVER REVENUE) EXCESS REVENUE OVER EXPENSES	21,951	(31,961)	(10,010)	8,131
NET ASSETS, BEGINNING OF YEAR	94,012	31,961	125,973	117,842
NET ASSETS, END OF YEAR	\$ 115,963	\$ -	\$ 115,963	\$ 125,973

The accompanying Notes to Financial Statements are an integral part of these statements.

BOWMANVILLE OLDER ADULT ASSOCIATION

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
OPERATING ACTIVITIES		
(Excess of expenses over revenue) Excess revenue over expenses	\$ (10,010)	\$ 8,131
Add items not requiring an outlay of cash		
Amortization of capital assets	10,610	8,841
Changes in non-cash working capital balances		
Accounts receivable	78	(1,041)
HST recoverable	(7,789)	(5,006)
Prepaid expenses	12,274	(5,168)
Accounts payable and accrued liabilities	7,626	(13,835)
Government remittances payable	(710)	4,392
Deferred revenue	115,251	24,644
	127,330	20,958
INVESTING ACTIVITIES		
Additions to capital assets	(8,247)	(13,016)
NET INCREASE IN CASH	119,083	7,942
CASH, BEGINNING OF YEAR	124,352	116,410
CASH, END OF YEAR	\$ 243,435	\$ 124,352
CASH IS COMPRISED OF:		
Cash	\$ 149,591	\$ 56,477
Cash - Restricted (Note 3)	93,844	67,875
	\$ 243,435	\$ 124,352

The accompanying Notes to Financial Statements are an integral part of these statements.

BOWMANVILLE OLDER ADULT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2018

1. Nature of Organization

Bowmanville Older Adult Association (the 'Organization') is a not-for-profit corporation whose purpose is to relieve loneliness and isolation of the aged and to improve their mobility and fitness by establishing, operating, and maintaining a senior citizens' centre that provides recreation, education, cultural activities, and other programs for senior citizens. The Organization is incorporated without share capital under the Canada Not-for-profit Corporations Act, is a registered charity under the Income Tax Act, and is accordingly exempt from income taxes. The Organization commenced activity on January 1, 2016.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Revenue Recognition

The Organization follows the deferral method of accounting for revenue. Donor-restricted revenue, membership fees, program revenue and rental income are recognized as revenue in the year in which the related expenses are incurred. Unrestricted revenue is recognized when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Revenue from donations and fundraising activities are recorded when received. Gifts in kind are not recognized as revenue. All other revenue is recognized on an accrual basis.

(c) Use of 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 amount of assets and liabilities, the 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. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

BOWMANVILLE OLDER ADULT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2018

2. Summary of Significant Accounting Policies (continued)

(d) Cash and Cash Equivalents

The Organization's policy is to disclose bank balances under cash and cash equivalents, including term deposits with a maturity period of three months or less from the date of acquisition.

(e) Capital Assets

Capital assets are recorded at cost, and are amortized at rates calculated to write-off the assets over their estimated useful lives as follows:

Furniture and equipment	20%	declining balance
Vehicles	30%	declining balance
Computer equipment	30%	declining balance
Leasehold improvements	5 years	straight-line

(f) Financial Instruments

Measurement of financial instruments

The organization initially measures its financial assets at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, accounts receivable and harmonized sales tax recoverable.

Financial liabilities measured at amortized cost include accounts payable and government remittances.

The organization has no financial assets measured at fair value.

BOWMANVILLE OLDER ADULT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2018

2. Summary of Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

The organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(g) Contributed Services

During the year volunteers contributed a significant numbers of hours to the Organization to assist it carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

3. Restricted Cash

	2018	2017
Capital reserve	\$ -	\$ 18,004
Operating reserve	-	17,909
Lottery	93,844	31,962
	\$ 93,844	\$ 67,875

BOWMANVILLE OLDER ADULT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2018

4. Capital Assets

	Cost	Accumulated Amortization	2018	2017
Furniture and equipment	\$ 31,887	\$ 10,718	\$ 21,169	\$ 20,976
Computer equipment	8,848	4,034	4,814	4,500
Vehicles	10,006	6,576	3,430	4,900
Leasehold improvements	14,773	4,149	10,624	12,024
	\$ 65,514	\$ 25,477	\$ 40,037	\$ 42,400

5. Deferred Revenue

	2018	2017
Deferred Lottery revenue (Note 3)	\$ 93,844	\$ -
Program fees and fundraising events	28,902	25,442
Membership fees	29,638	25,247
Deferred Grant revenue	13,556	-
	\$ 165,940	\$ 50,689

6. Government Grants

	2018	2017
The Corporation of the Municipality of Clarington	\$ 295,000	\$ 260,100
Ontario Senior's Secretariat - Elderly Persons Centres	42,700	57,700
Government of Canada - Young Canada Works Program	18,672	22,062
Other provincial grants	2,000	2,000
Durham College Job Grants	3,042	10,607
Life Through the Lens Grant	25,000	-
Ontario Multicultural Grant	7,600	-
Canada Ontario Job Grant	2,122	-
	\$ 396,136	\$ 352,469

The Municipality grant is for the purpose of funding operations. This grant is approved on an annual basis. See also Note 8. The Elderly Persons Centres grant is for the purpose of funding maintenance and operations.

BOWMANVILLE OLDER ADULT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2018

7. Program Revenue and Expenses

Program expenses above include only direct expenses, and exclude program wages and benefits, contracted services, and other expenses required for operations.

	Revenue	Expenses	2018
General programs	\$ 190,572	\$ 21,828	\$ 168,744
Hospitality	78,870	42,380	36,490
Wheels in Action	9,237	11,442	(2,205)
Special events	11,670	10,060	1,610
	\$ 290,349	\$ 85,710	\$ 204,639

	Revenue	Expenses	2017
General programs	\$ 159,470	\$ 22,788	\$ 136,682
Hospitality	59,232	34,309	24,923
Wheels in Action	7,244	7,597	(353)
Special events	8,925	8,233	692
	\$ 234,871	\$ 72,927	\$ 161,944

8. Economic Dependence

The continuation of the Organization is substantially dependent upon ongoing federal, provincial and municipal government grants. See Note 6.

The Municipality owns the land and building occupied by the Organization, which is leased to the organization for \$2 per year. The lease expires on December 31, 2018. The lease is renewed by the Municipality one year at a time.

The Organization is provided with property and contents insurance under a policy which is paid for by the Municipality.

9. Comparative Figures

Certain of the comparative figures have been reclassified to conform to the current year's presentation.

BOWMANVILLE OLDER ADULT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2018

10. Financial instruments and risk management

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentration at December 31, 2018.

Credit risk

Credit risk arises from the potential that counterparties will fail to perform their obligations. The organization is subject to credit risk through its accounts receivable. Account monitoring procedures are utilized to minimize risk of loss.

Liquidity risk

Liquidity risk is defined as the risk that the organization may not be able to meet or settle its obligations as they become due. The organization has taken steps to ensure that it will have sufficient working capital to meet its obligations.
