

**BOWMANVILLE OLDER
ADULT ASSOCIATION
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2019**

BOWMANVILLE OLDER ADULT ASSOCIATION
FINANCIAL STATEMENTS
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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, 2019 and December 31, 2018, and the statements of operations and changes in net assets 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, 2019 and December 31, 2018, 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, 2019 and 2018, current assets as at December 31, 2019 and 2018, and net assets as at January 1 and December 31 for both the 2019 and 2018 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.

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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.

Smith Chappell Mausk Villander LLP

Chartered Accountants, Licensed Public Accountants

June 18, 2020
Oshawa, Ontario

BOWMANVILLE OLDER ADULT ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 181,238	\$ 149,591
Cash - Restricted (Note 3)	26,305	93,844
Accounts receivable	1,130	1,241
HST recoverable	26,303	22,200
Prepaid expenses	13,785	13,638
	248,761	280,514
CAPITAL ASSETS (Note 4)	104,677	40,037
	\$ 353,438	\$ 320,551
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 19,892	\$ 27,480
Government remittances payable	20,786	11,168
Deferred revenue (Note 5)	90,931	165,940
	131,609	204,588
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 6)	69,112	-
	200,721	204,588
NET ASSETS		
UNRESTRICTED	152,717	115,963
	\$ 353,438	\$ 320,551

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 AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
REVENUE		
Government grants (Note 7)	\$ 394,099	\$ 396,136
Program revenue (Note 8)	319,847	288,801
Fundraising events and activities (including lottery)	244,417	141,677
Donations	41,542	57,491
Membership fees	50,418	36,734
Rental	29,372	25,971
Interest and other	3,240	2,398
Amortization of deferred contributions (Note 6)	11,112	-
	1,094,047	949,208
EXPENSES		
Salaries, wages and benefits	576,575	537,155
Program expenses (Note 8)	94,248	85,710
Grant expenses	7,731	38,022
Utilities	52,398	49,470
Facility maintenance (Note 9)	52,146	50,048
Advertising and promotion	53,224	43,536
Fundraising	113,284	54,568
Contracted services	44,356	43,633
Administrative and general	29,954	38,506
Amortization of capital assets	21,565	10,610
Insurance (Note 9)	9,384	7,960
Health and Safety	2,428	-
	1,057,293	959,218
(EXCESS OF EXPENSES OVER REVENUE) EXCESS REVENUE OVER EXPENSES	36,754	(10,010)
NET ASSETS, BEGINNING OF YEAR	115,963	125,973
NET ASSETS, END OF YEAR	\$ 152,717	\$ 115,963

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, 2019

	2019	2018
OPERATING ACTIVITIES		
(Excess of expenses over revenue) Excess revenue over expenses	\$ 36,754	\$ (10,010)
Add items not requiring an outlay of cash		
Amortization of capital assets	21,565	10,610
Amortization of deferred contributions	(11,112)	-
Changes in non-cash working capital balances		
Accounts receivable	111	78
HST recoverable	(4,103)	(7,789)
Prepaid expenses	(147)	12,274
Accounts payable and accrued liabilities	(7,588)	7,626
Government remittances payable	9,618	(710)
Deferred revenue	(75,009)	115,251
	(29,911)	127,330
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in deferred contributions related to capital assets	80,224	-
INVESTING ACTIVITIES		
Additions to capital assets	(86,205)	(8,247)
NET INCREASE IN CASH	(35,892)	119,083
CASH, BEGINNING OF YEAR	243,435	124,352
CASH, END OF YEAR	\$ 207,543	\$ 243,435
CASH IS COMPRISED OF:		
Cash	\$ 181,238	\$ 149,591
Cash - Restricted (Note 3)	26,305	93,844
	\$ 207,543	\$ 243,435

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, 2019

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, 2019

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, 2019

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

	2019	2018
Capital reserve	\$ -	\$ -
Operating reserve	-	-
Lottery	12,324	93,844
Lottery - Catch the Ace 2019	13,981	
	<hr/>	<hr/>
	\$ 26,305	\$ 93,844

BOWMANVILLE OLDER ADULT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2019

4. Capital Assets

	Cost	Accumulated Amortization	2019	2018
Furniture and equipment	\$ 52,485	\$ 17,011	\$ 35,474	\$ 21,169
Computer equipment	10,504	5,726	4,778	4,814
Vehicles	73,957	17,201	56,756	3,430
Leasehold improvements	14,773	7,104	7,669	10,624
	<u>\$ 151,719</u>	<u>\$ 47,042</u>	<u>\$ 104,677</u>	<u>\$ 40,037</u>

5. Deferred Revenue

	2019	2018
Deferred Lottery revenue (Note 3)	\$ 12,324	\$ 93,844
Deferred Lottery revenue - Catch the Ace 2019 (Note 3)	13,981	-
Program fees and fundraising events	39,365	28,902
Membership fees	25,261	29,638
Deferred Grant revenue	-	13,556
	<u>\$ 90,931</u>	<u>\$ 165,940</u>

6. Deferred Contributions Related to Capital Assets

Deferred contributions relate to specific grants received for the purchase of capital assets by the Organization. The amortization of capital contributions is recorded as revenue in the statement of operations on the same basis as the amortization expense related to these capital assets.

	2019	2018
Grants received during the year	\$ 80,224	\$ -
Transferred to revenue during the year	(11,112)	-
	<u>\$ 69,112</u>	<u>\$ -</u>

BOWMANVILLE OLDER ADULT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2019

7. Government Grants

	2019	2018
The Corporation of the Municipality of Clarington	\$ 306,800	\$ 295,000
Ontario Senior's Secretariat - Elderly Persons Centres	45,814	42,700
Government of Canada - Young Canada Works Program	35,868	18,672
Other provincial grants	2,000	2,000
Durham College Job Grants	1,000	3,042
Life Through the Lens Grant	-	25,000
Ontario Multicultural Grant	-	7,600
Canada Ontario Job Grant	2,617	2,122
	\$ 394,099	\$ 396,136

The Municipality grant is for the purpose of funding operations. This grant is approved on an annual basis. See also Note 9. The Elderly Persons Centres grant is for the purpose of funding maintenance and operations.

8. 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	2019
General programs	\$ 195,313	\$ 20,308	\$ 175,005
Hospitality	102,815	52,704	50,111
Wheels in Action	9,399	15,787	(6,388)
Special events	12,320	5,449	6,871
	\$ 319,847	\$ 94,248	\$ 225,599
	Revenue	Expenses	2018
General programs	\$ 189,024	\$ 21,828	\$ 167,196
Hospitality	78,870	42,380	36,490
Wheels in Action	9,237	11,442	(2,205)
Special events	11,670	10,060	1,610
	\$ 288,801	\$ 85,710	\$ 203,091

BOWMANVILLE OLDER ADULT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2019

9. Economic Dependence

The continuation of the Organization is substantially dependent upon ongoing federal, provincial and municipal government grants. See Note 7.

The Municipality owns the land and building occupied by the Organization, which is leased to the organization for \$2 per year. The lease expired on December 31, 2019. 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.

10. Comparative Figures

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

11. 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, 2019.

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.

BOWMANVILLE OLDER ADULT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2019

12. Subsequent event

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread in Canada and around the world.

As at June 18, 2020, the organization is aware of changes in its operations as a result of the COVID-19 crisis, including the closure of the facilities for an indefinite period. Some operations and programs are continuing on a virtual basis and others have been postponed.

Management expects that this disturbance to operations will be temporary. Adequate funding is in place to resume operations when prudent and permissible to do so through to the end of the calendar year 2020. As described in notes 9 and 7 the organization is dependent on Government Grants to continue operating through 2021.
