

**BOWMANVILLE OLDER
ADULT ASSOCIATION
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2021**

BOWMANVILLE OLDER ADULT ASSOCIATION
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2021

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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, 2021 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, 2021 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, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets as at January 1 and December 31 for both the 2021 and 2020 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.

Smiti Chappell Maus V. Lander CPA

June 30, 2022
Oshawa, Ontario

Chartered Professional Accountants
Licensed Public Accountants

BOWMANVILLE OLDER ADULT ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

| | 2021 | 2020 |
|--|-------------------|-------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 470,461 | \$ 305,789 |
| Cash - Restricted (Note 3) | 52,250 | 52,250 |
| Accounts receivable | 25,692 | 32,429 |
| HST recoverable | 31,626 | 21,878 |
| Prepaid expenses | 11,421 | 7,566 |
| | 591,450 | 419,912 |
| CAPITAL ASSETS (Note 4) | 82,413 | 86,237 |
| | \$ 673,863 | \$ 506,149 |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 53,636 | \$ 32,551 |
| Government remittances payable | 7,507 | 9,255 |
| Deferred revenue (Note 5) | 139,788 | 76,701 |
| | 200,931 | 118,507 |
| DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 6) | 50,716 | 49,854 |
| | 251,647 | 168,361 |
| NET ASSETS | | |
| UNRESTRICTED | 422,216 | 337,788 |
| | \$ 673,863 | \$ 506,149 |

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, 2021

| | 2021 | 2020 |
|---|-------------------|-------------------|
| REVENUE | | |
| Government grants (Note 7) | \$ 432,583 | \$ 420,162 |
| Canada Emergency Wage Subsidy (CEWS) (Note 11) | 233,304 | 148,421 |
| Program revenue (Note 8) | 7,745 | 70,520 |
| Fundraising events and activities (including lottery) | 35,057 | 58,509 |
| Donations | 45,748 | 55,387 |
| Membership fees | 17,196 | 34,905 |
| Rental | 2,700 | 3,657 |
| Interest and other | - | 821 |
| Amortization of deferred contributions (Note 6) | 15,693 | 19,258 |
| | 790,026 | 811,640 |
| EXPENSES | | |
| Salaries, wages and benefits | 480,658 | 396,860 |
| Grant expenses | 13,750 | 31,250 |
| Utilities | 38,992 | 30,684 |
| Facility maintenance (Note 9) | 25,079 | 30,520 |
| Amortization of capital assets | 26,895 | 30,119 |
| Fundraising | 10,433 | 30,022 |
| Administrative and general | 43,922 | 29,097 |
| Program expenses (Note 8) | 54,810 | 18,489 |
| Contracted services | - | 10,934 |
| Insurance (Note 9) | 8,438 | 7,337 |
| Advertising and promotion | 1,001 | 6,426 |
| Health and Safety | 1,620 | 4,831 |
| | 705,598 | 626,569 |
| EXCESS REVENUE OVER EXPENSES | 84,428 | 185,071 |
| NET ASSETS, BEGINNING OF YEAR | 337,788 | 152,717 |
| NET ASSETS, END OF YEAR | \$ 422,216 | \$ 337,788 |

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, 2021

| | 2021 | 2020 |
|--|------------|------------|
| OPERATING ACTIVITIES | | |
| Excess revenue over expenses | \$ 84,428 | \$ 185,071 |
| Add items not requiring an outlay of cash | | |
| Amortization of capital assets | 26,895 | 30,119 |
| Amortization of deferred contributions | (15,693) | (19,258) |
| Changes in non-cash working capital balances | | |
| Accounts receivable | 6,738 | (31,299) |
| HST recoverable | (9,748) | 4,425 |
| Prepaid expenses | (3,855) | 6,219 |
| Accounts payable and accrued liabilities | 21,087 | 3,062 |
| Government remittances payable | (1,749) | (1,936) |
| Deferred revenue | 63,087 | (14,229) |
| | 171,190 | 162,174 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in deferred contributions related to capital assets | 16,555 | - |
| INVESTING ACTIVITIES | | |
| Additions to capital assets | (23,073) | (11,678) |
| NET INCREASE IN CASH | 164,672 | 150,496 |
| CASH, BEGINNING OF YEAR | 358,039 | 207,543 |
| CASH, END OF YEAR | \$ 522,711 | \$ 358,039 |
| CASH IS COMPRISED OF: | | |
| Cash | \$ 470,461 | \$ 305,789 |
| Cash - Restricted (Note 3) | 52,250 | 52,250 |
| | \$ 522,711 | \$ 358,039 |

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, 2021

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. CEWS Government funding is recognized as revenue when all the conditions allowing the application for the funding have been met. 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, 2021

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, 2021

2. Summary of Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

Impairment

Financial assets measured at cost are tested for impairment annually. 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

| | 2021 | 2020 |
|------------------------------|-----------|-----------|
| Lottery | \$ 13,025 | \$ 13,025 |
| Lottery - Catch the Ace 2019 | 39,225 | 39,225 |
| | \$ 52,250 | \$ 52,250 |

BOWMANVILLE OLDER ADULT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2021

4. Capital Assets

| | Cost | Accumulated Amortization | 2021 | 2020 |
|-------------------------|-------------------|-----------------------------|------------------|------------------|
| Furniture and equipment | \$ 72,817 | \$ 32,265 | \$ 40,552 | \$ 30,629 |
| Computer equipment | 24,922 | 12,666 | 12,256 | 11,146 |
| Vehicles | 73,957 | 46,148 | 27,809 | 39,729 |
| Leasehold improvements | 14,773 | 12,977 | 1,796 | 4,733 |
| | \$ 186,469 | \$ 104,056 | \$ 82,413 | \$ 86,237 |

5. Deferred Revenue

| | 2021 | 2020 |
|--|-------------------|------------------|
| Deferred Lottery revenue (Note 3) | \$ 13,025 | \$ 13,025 |
| Deferred Lottery revenue - Catch the Ace 2019 (Note 3) | 39,225 | 39,225 |
| Program fees and fundraising events | 13,569 | 10,444 |
| Membership fees | 11,189 | 10,257 |
| Deferred Grant revenue | 62,780 | 3,750 |
| | \$ 139,788 | \$ 76,701 |

During the current year, membership fees of \$8,793, program fees and fundraising events of \$1,806 and deferred grant revenue of \$3,750 was transferred to revenue.

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.

| | 2021 | 2020 |
|--|------------------|------------------|
| Beginning of the year | \$ 49,854 | \$ 69,112 |
| Grants received during the year | \$ 16,555 | \$ - |
| Transferred to revenue during the year | (15,693) | (19,258) |
| End of the year | \$ 50,716 | \$ 49,854 |

BOWMANVILLE OLDER ADULT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2021

7. Government Grants

| | 2021 | 2020 |
|---|------------|------------|
| The Corporation of the Municipality of Clarington | \$ 318,569 | \$ 317,436 |
| Ontario Senior's Secretariat - Elderly Persons Centres | 42,700 | 42,700 |
| Government of Canada - New Horizons for Seniors Program | 23,509 | 31,250 |
| Government of Canada - Canada Summer Jobs | 46,255 | 25,976 |
| Other provincial grants | 1,550 | - |
| Durham College Job Grants | - | 2,800 |
| | \$ 432,583 | \$ 420,162 |

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 | 2021 |
|------------------|----------|-----------|-------------|
| General programs | \$ 4,906 | \$ 46,852 | \$ (41,946) |
| Hospitality | 2,814 | 1,430 | 1,384 |
| Wheels in Action | 25 | 5,017 | (4,992) |
| Special events | - | 1,511 | (1,511) |
| | \$ 7,745 | \$ 54,810 | \$ (47,065) |

| | Revenue | Expenses | 2020 |
|------------------|-----------|-----------|-----------|
| General programs | \$ 42,667 | \$ 1,979 | \$ 40,688 |
| Hospitality | 25,478 | 11,109 | 14,369 |
| Wheels in Action | 2,370 | 4,956 | (2,586) |
| Special events | 5 | 445 | (440) |
| | \$ 70,520 | \$ 18,489 | \$ 52,031 |

BOWMANVILLE OLDER ADULT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2021

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, 2021. 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. 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, 2021.

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, 2021

11. Government Assistance

In response to the negative impact of COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy ("CEWS") program in April 2020. CEWS provides a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, including demonstration of revenue declines as a result of COVID-19. This subsidy is retroactive to March 15, 2020 and ended October 23, 2021.

The organization has determined that it has qualified for this subsidy from the March 15, 2020 effective date and has accordingly applied for, and for certain periods received, the CEWS. The organization will recognize government grants when there is reasonable assurance that it will comply with the conditions required to qualify for the grant, and that the grant will be received.

The Government of Canada announced a new program, the Hardest-Hit Business Recovery Program ("HHBRP"), upon the completion of CEWS. HHBRP provides wage and rent subsidies to eligible entities that experienced significant losses since the onset of the pandemic subject to limits per employee, based on certain criteria, including demonstration of revenue declines as a result of COVID-19. Under this program the subsidies are available from October 24, 2021 to May 7, 2022.

The organization has determined that it has qualified for this subsidy from the October 24, 2021 effective date and has accordingly applied for, and for certain periods received, the HHBRP. The organization also intends to apply for the HHBRP in subsequent application periods, subject to continuing to meet the applicable qualification criteria. The organization will recognize government grants when there is reasonable assurance that it will comply with the conditions required to qualify for the grant, and that the grant will be received.

The organization has recognized \$233,304 (2020 - \$148,421) of government assistance related to CEWS and HHBRP for the period ended December 31, 2021.

BOWMANVILLE OLDER ADULT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2021

12. Impact of COVID-19 on Operations

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 30, 2022, the organization is aware of changes in its operations as a result of the COVID-19 crisis, including the closure of the facilities for when required by Public Health Guidelines. Some operations and programs are continuing on a virtual basis and others are operating with reduced attendance.

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 2022. As described in notes 9 and 7 the organization is dependent on Government Grants to continue operating through 2022.
