

**BOWMANVILLE OLDER
ADULT ASSOCIATION**

FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2022

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, 2022 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, 2022 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, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 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.

May 10, 2023
Oshawa, Ontario



Chartered Professional Accountants
Licensed Public Accountants

BOWMANVILLE OLDER ADULT ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 544,871	\$ 470,461
Cash - Restricted (Note 3)	56,910	52,250
Accounts receivable	275	25,692
HST recoverable	16,874	31,626
Prepaid expenses	12,503	11,421
	631,433	591,450
CAPITAL ASSETS (Note 4)	93,528	82,413
	\$ 724,961	\$ 673,863
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 40,490	\$ 53,636
Government remittances payable	13,309	7,507
Deferred revenue (Note 5)	136,496	139,788
	190,295	200,931
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 6)	72,650	50,716
	262,945	251,647
NET ASSETS		
UNRESTRICTED	462,016	422,216
	\$ 724,961	\$ 673,863

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, 2022

	2022	2021
REVENUE		
Government grants (Note 7)	\$ 454,718	\$ 432,583
Canada Emergency Wage Subsidy (CEWS) (Note 11)	68,760	233,304
Program revenue (Note 8)	191,241	7,745
Fundraising events and activities (including lottery)	128,174	35,057
Donations	22,001	45,748
Membership fees	28,097	17,196
Rental	16,922	2,700
Interest and other	7,655	-
Amortization of deferred contributions (Note 6)	20,171	15,693
	937,739	790,026
EXPENSES		
Salaries, wages and benefits	532,859	480,658
Grant expenses	-	13,750
Utilities	51,749	38,992
Facility maintenance (Note 9)	32,864	25,079
Amortization of capital assets	29,136	26,895
Fundraising	77,458	10,433
Administrative and general	38,385	43,922
Program expenses (Note 8)	84,722	54,810
Contracted services	25,183	-
Insurance (Note 9)	12,073	8,438
Advertising and promotion	7,881	1,001
Health and Safety	5,629	1,620
	897,939	705,598
EXCESS REVENUE OVER EXPENSES	39,800	84,428
NET ASSETS, BEGINNING OF YEAR	422,216	337,788
NET ASSETS, END OF YEAR	\$ 462,016	\$ 422,216

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, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess revenue over expenses	\$ 39,800	\$ 84,428
Add items not requiring an outlay of cash		
Amortization of capital assets	29,136	26,895
Amortization of deferred contributions	(20,171)	(15,693)
Changes in non-cash working capital balances		
Accounts receivable	25,417	6,738
HST recoverable	14,752	(9,748)
Prepaid expenses	(1,081)	(3,855)
Accounts payable and accrued liabilities	(13,147)	21,087
Government remittances payable	5,803	(1,749)
Deferred revenue	(3,293)	63,087
	77,216	171,190
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in deferred contributions related to capital assets	42,105	16,555
INVESTING ACTIVITIES		
Additions to capital assets	(40,251)	(23,073)
NET INCREASE IN CASH	79,070	164,672
CASH, BEGINNING OF YEAR	522,711	358,039
CASH, END OF YEAR	\$ 601,781	\$ 522,711
CASH IS COMPRISED OF:		
Cash	\$ 544,871	\$ 470,461
Cash - Restricted (Note 3)	56,910	52,250
	\$ 601,781	\$ 522,711

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, 2022

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. HHBRP 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, 2022

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, 2022

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

	2022	2021
Lottery	\$ 423	\$ 13,025
Lottery - Catch the Ace 2019	56,487	39,225
	\$ 56,910	\$ 52,250

BOWMANVILLE OLDER ADULT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2022

4. Capital Assets

	Cost	Accumulated Amortization	2022	2021
Furniture and equipment	\$ 80,247	\$ 41,118	\$ 39,129	\$ 40,552
Computer equipment	26,865	16,634	10,231	12,256
Vehicles	73,957	54,491	19,466	27,809
Leasehold improvements	45,651	20,949	24,702	1,796
	<u>\$ 226,720</u>	<u>\$ 133,192</u>	<u>\$ 93,528</u>	<u>\$ 82,413</u>

5. Deferred Revenue

	2022	2021
Deferred Lottery revenue (Note 3)	\$ 5,171	\$ 13,025
Deferred Lottery revenue - Catch the Ace 2019 (Note 3)	56,487	39,225
Program fees and fundraising events	24,813	13,569
Membership fees	18,475	11,189
Deferred Grant revenue	31,550	62,780
	<u>\$ 136,496</u>	<u>\$ 139,788</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.

	2022	2021
Beginning of the year	\$ 50,716	\$ 49,854
Grants received during the year	\$ 42,105	\$ 16,555
Transferred to revenue during the year	(20,171)	(15,693)
End of the year	<u>\$ 72,650</u>	<u>\$ 50,716</u>

BOWMANVILLE OLDER ADULT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2022

7. Government Grants

	2022	2021
The Corporation of the Municipality of Clarington	\$ 329,082	\$ 318,569
Ontario Senior's Secretariat - Elderly Persons Centres	42,700	42,700
Government of Canada - New Horizons for Seniors Program	18,790	23,509
Government of Canada - Canada Summer Jobs	47,376	46,255
Other provincial grants	16,000	1,550
Durham College Job Grants	770	-
	\$ 454,718	\$ 432,583

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	2022
General programs	\$ 118,193	\$ 29,544	\$ 88,649
Hospitality	61,356	32,499	28,857
Wheels in Action	4,133	9,850	(5,717)
Special events	7,559	12,829	(5,270)
	\$ 191,241	\$ 84,722	\$ 106,519

	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)

BOWMANVILLE OLDER ADULT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2022

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 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, 2022.

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, 2022

11. Government Assistance

In response to the negative impact of COVID-19, the Government of Canada announced a new program, the Hardest-Hit Business Recovery Program ("HHBRP"), upon the completion of the Canada Emergency Wage Subsidy. 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 recognizes 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 \$68,760 (2020 - \$233,304) of government assistance related to HHBRP for the period ended December 31, 2022.
