

**BOWMANVILLE OLDER
ADULT ASSOCIATION
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2017**

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FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2017**

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Operations	3
Statement of Changes in Net Assets	4
Cash Flow Statement	5
Notes to Financial Statements	6 - 10

CHARTERED ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To the Members of the Bowmanville Older Adult Association

Report on the Financial Statements

I have audited the accompanying financial statements of Bowmanville Older Adult Association which comprise the statement of financial position as at December 31, 2017, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. Except as explained in a paragraph below, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenues from donations and fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

Qualified Opinion

In my opinion, except for the possible effect of adjustments described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Bowmanville Older Adult Association as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



May 10, 2018
Bowmanville, Ontario

Sullivan & Co. (Professional Corporation)
Chartered Professional Accountant
Authorized to practise public accounting by
Chartered Professional Accountants of Ontario

BOWMANVILLE OLDER ADULT ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

	2017	2016 (Note: 10)
ASSETS		
CURRENT		
Cash	\$ 56,477	\$ 62,622
Cash - Restricted (Note: 4)	67,875	53,788
Accounts receivable	1,319	278
HST recoverable	14,411	9,405
Prepaid expenses	25,912	20,744
	165,994	146,837
CAPITAL ASSETS (Note: 5)	42,400	38,225
	\$ 208,394	\$ 185,062
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 19,854	\$ 33,689
Government remittances payable	11,878	7,486
Deferred revenue (Note: 6)	50,689	26,045
	82,421	67,220
NET ASSETS		
UNRESTRICTED	15,698	39,263
INVESTED IN CAPITAL ASSETS	60,405	42,870
OPERATING RESERVE - INTERNALLY RESTRICTED	17,909	17,721
LOTTERY - EXTERNALLY RESTRICTED	31,961	17,988
	125,973	117,842
	\$ 208,394	\$ 185,062

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, 2017

	2017	2016 (Note: 10)
REVENUE		
Government grants (Note: 7)	\$ 352,469	\$ 338,426
Program revenue (Note: 8)	236,573	268,825
Fundraising events and activities (including lottery)	139,353	97,319
Donations	43,258	35,906
Membership fees	36,227	33,446
Rental	25,957	32,490
Interest and other	709	586
	834,546	806,998
EXPENSES		
Salaries, wages and benefits (Note: 8)	490,400	403,802
Program expenses (Note: 8)	74,383	105,379
Utilities	50,592	62,783
Facility maintenance (Note: 9)	41,356	39,843
Advertising and promotion	40,522	39,976
Fundraising	39,877	21,263
Contracted services (Note: 8)	38,937	43,888
Administrative and general	34,233	30,006
Amortization of capital assets	8,841	6,020
Insurance (Note: 9)	7,274	7,794
	826,415	760,754
EXCESS REVENUE OVER EXPENSES BEFORE UNDER- NOTED	8,131	46,244
GAIN/(LOSS) ON DISPOSAL OF ASSETS	-	1,530
EXCESS REVENUE OVER EXPENSES	\$ 8,131	\$ 47,774

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, 2017

	Unrestricted	Invested in Capital Assets	Operating Reserve	Lottery	2017	2016 (Note: 10)
REVENUE	\$ 818,421	\$ -	\$ 188	\$ 15,937	\$ 834,546	\$ 806,998
EXPENSES	815,610	8,841	-	1,964	826,415	760,754
EXCESS REVENUE OVER EXPENSES BEFORE UNDER-NOTED	2,811	(8,841)	188	13,973	8,131	46,244
GAIN/(LOSS) ON DISPOSAL OF ASSETS	-	-	-	-	-	1,530
EXCESS REVENUE OVER EXPENSES	2,811	(8,841)	188	13,973	8,131	47,774
CONTRIBUTED SURPLUS/NET ASSETS, BEGINNING OF YEAR (Note: 3)	39,263	42,870	17,721	17,988	117,842	70,068
INTERFUND TRANSFERS	(26,376)	26,376	-	-	-	-
NET ASSETS, END OF YEAR	\$ 15,698	\$ 60,405	\$ 17,909	\$ 31,961	\$ 125,973	\$ 117,842

The accompanying Notes to Financial Statements are an integral part of these statements. 4.

BOWMANVILLE OLDER ADULT ASSOCIATION

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016 (Note: 10)
OPERATING ACTIVITIES		
Excess revenue over expenses	\$ 8,131	\$ 47,774
Add items not requiring an outlay of cash		
Amortization of capital assets	8,841	6,020
(Gain) loss on disposal of asset	-	(1,530)
Changes in non-cash working capital balances		
Accounts receivable	(1,041)	(278)
HST recoverable	(5,006)	(9,405)
Prepaid expenses	(5,168)	(20,744)
Accounts payable and accrued liabilities	(13,835)	33,689
Government remittances payable	4,392	7,486
Deferred revenue	24,644	26,045
	20,958	89,057
INVESTING ACTIVITIES		
Additions to capital assets	(13,016)	(51,715)
Proceeds on disposal of capital assets	-	9,000
CASH FLOWS USED IN INVESTING ACTIVITIES	(13,016)	(42,715)
NET INCREASE IN CASH	7,942	46,342
CONTRIBUTED SURPLUS, BEGINNING OF YEAR (Note: 3)	-	70,068
CASH, BEGINNING OF YEAR	116,410	-
CASH, END OF YEAR	\$ 124,352	\$ 116,410
CASH IS COMPRISED OF:		
Cash	\$ 56,477	\$ 62,622
Cash - Restricted (Note: 4)	67,875	53,788
	\$ 124,352	\$ 116,410

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, 2017

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 as 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.

(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.

BOWMANVILLE OLDER ADULT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2017

(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%	straight-line
Vehicles	30%	declining balance
Computer equipment	30%	declining balance

(f) Financial Instruments

Financial instruments of the organization consist of cash, accounts receivable, accounts payable and accrued liabilities. The carrying values of these financial assets and financial liabilities approximate their fair values unless otherwise noted.

(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. Contributed Surplus

At the commencement of activity on January 1, 2016, the The Corporation of the Municipality of Clarington, (the "Municipality") transferred net assets of the Clarington Older Adult Association ("COAA") to the organization. COAA was operated by the the Municipality until December 31, 2015.

The opening contributed surplus consists of:

	January 1, 2016
Invested in capital assets	\$ 24,128
Capital reserve	18,004
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Total invested in capital assets	42,132
Unrestricted	-
Operating reserve (see Note: 10)	17,660
Lottery	10,276
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	\$ 70,068

BOWMANVILLE OLDER ADULT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2017

4. Restricted Cash

	2017	2016
Capital reserve	\$ 18,004	\$ 18,004
Operating reserve	17,909	17,721
Lottery	31,962	18,063
	\$ 67,875	\$ 53,788

5. Capital Assets

	Cost	Accumulated Amortization	2017	2016
Furniture and equipment	\$ 27,012	\$ 6,036	\$ 20,976	\$ 13,341
Computer equipment	6,890	2,390	4,500	4,524
Vehicles	10,000	5,100	4,900	7,000
Leasehold improvements	13,360	1,336	12,024	13,360
	\$ 57,262	\$ 14,862	\$ 42,400	\$ 38,225

6. Deferred Revenue

	2017	2016
Government of Canada - New Horizons for Seniors Program	\$ -	\$ 845
Program fees and fundraising events	25,442	-
Membership fees	25,247	25,200
	\$ 50,689	\$ 26,045

7. Government Grants

	2017	2016
The Corporation of the Municipality of Clarington	\$ 260,100	\$ 255,000
Ontario Senior's Secretariat - Elderly Persons Centres	57,700	51,611
Government of Canada - New Horizons for Seniors Program	-	14,155
Government of Canada - Young Canada Works Program	22,062	14,060
Other provincial grants	2,000	3,600
Durham College Job Grants	10,607	-
	\$ 352,469	\$ 338,426

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.

BOWMANVILLE OLDER ADULT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2017

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	2017
General programs	\$ 159,470	\$ 24,244	\$ 135,226
Hospitality	59,232	34,309	24,923
Personal services	1,702	-	1,702
Wheels in Action	7,244	7,597	(353)
Special events	8,925	8,233	692
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	\$ 236,573	\$ 74,383	\$ 162,190
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	Revenue	Expenses	2016
General programs	\$ 168,849	\$ 29,161	\$ 139,688
Hospitality	57,739	33,354	24,385
Personal services	24,042	22,663	1,379
Wheels in Action	10,013	11,558	(1,545)
Special events	8,182	8,643	(461)
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	\$ 268,825	\$ 105,379	\$ 163,446
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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 expires on December 31, 2018.

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

BOWMANVILLE OLDER ADULT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2017

10. Prior Period Adjustment

The prior period was adjusted to correct deferred membership fee revenue as at January 1, 2016 and December 31, 2016. See also Note: 3.

The net assets transferred from the Municipality on December 31, 2015 included an operating reserve in the amount of \$34,898. During the current year it was determined that the deferred membership fee revenue was understated by \$19,641 at the date of transfer. As a result, the net assets as at January 1, 2016 were reduced by this amount (unrestricted reduced by \$2,403 to nil, and operating reserve reduced by \$17,238).

As at December 31, 2016 deferred membership fee revenue was restated in the amount of \$25,200, resulting in an increase of \$22,085.

The above adjustments resulted in a decrease in membership fee revenue in the amount of \$2,444 for the year ended December 31, 2016, an increase in unrestricted cash of \$17,238, and a decrease in restricted cash of \$17,238, as at December 31, 2016.
