

**SENIORS ASSOCIATION KINGSTON REGION**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JULY 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Seniors Association Kingston Region

### Qualified Opinion

We have audited the accompanying financial statements of Seniors Association Kingston Region (the "Entity"), which comprise the statement of financial position as at July 31, 2021 and the statements of operations, changes in fund balances and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the 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 Entity as at July 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Canadian standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many charitable organizations, the Entity derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, the excess of revenues over expenses or cash flow from operations for the years ended July 31, 2021 and 2020, current assets at July 31, 2021 and 2020, and net assets as at August 1 and July 31 for both the 2021 and 2020 fiscal years. Our audit opinion on the financial statements for the year ended July 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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 Entity 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.

## **Annual Report**

Management is responsible for the preparation of the annual report, which includes certain summary financial information and excerpts of the annual financial statements. The annual report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the annual report and we do not express any form of assurance conclusion thereon.

## **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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

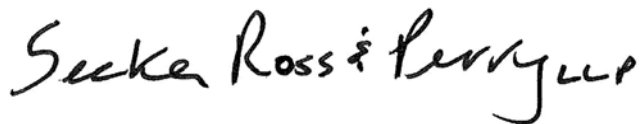
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

- 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 Entity'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 Entity'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 Entity 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.



Chartered Professional Accountants  
Licensed Public Accountants  
Kingston, Ontario  
November 28, 2021

**SENIORS ASSOCIATION KINGSTON REGION**

**STATEMENT OF FINANCIAL POSITION AS AT JULY 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 766,407	\$ 210,885
Accounts receivable	6,636	29,013
Taxes recoverable	16,476	16,126
Prepaid expenses	14,543	18,513
Federal wage subsidy receivable	<u>30,279</u>	<u>43,170</u>
	<u>834,341</u>	<u>317,707</u>
Cash Surrender Value of Insurance Gift	<u>11,806</u>	<u>8,693</u>
Capital Assets		
Leasehold improvements	1,579,575	1,579,575
Less accumulated amortization	<u>1,478,800</u>	<u>1,415,311</u>
	<u>100,775</u>	<u>164,264</u>
Investments (note 3)	<u>77,048</u>	<u>355,656</u>
Restricted Investments	<u>19,374</u>	<u>16,904</u>
	<u>\$ 1,043,344</u>	<u>\$ 863,224</u>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable and accrued liabilities (note 4)	\$ 41,529	\$ 40,041
Deferred revenue (note 5)	<u>104,031</u>	<u>157,006</u>
	145,560	197,047
Term Loan (note 6)	<u>30,000</u>	<u>40,000</u>
	<u>175,560</u>	<u>237,047</u>
<b>Fund Balances</b>		
Restricted Funds		
Internally Restricted Fund (note 8)	377,323	241,875
Capital Assets Fund	100,775	164,264
Endowment Fund	19,408	16,938
Unrestricted Operating Fund	<u>370,278</u>	<u>203,100</u>
	<u>867,784</u>	<u>626,177</u>
	<u>\$ 1,043,344</u>	<u>\$ 863,224</u>

**Commitments (note 9)**

**Contingency (note 12)**

Approved on behalf of the Board

Director

Director

See accompanying notes to financial statements.

**SENIORS ASSOCIATION KINGSTON REGION**

**STATEMENT OF OPERATIONS**

**YEAR ENDED JULY 31, 2021**

	<b>2021</b>				<b>2020</b>
	<b>Unrestricted Operating Fund</b>	<b>Capital Asset Fund</b>	<b>Endowment Fund</b>	<b>Total</b>	<b>Total</b>
<b>Revenues</b>					
Grants for Service					
City of Kingston	\$ 100,800	\$ -	\$ -	\$ 100,800	\$ 100,800
Province of Ontario					
Ministry for Seniors and Accessibility	148,029	-	-	148,029	105,454
Minister of Employment and Social Development	6,292	-	-	6,292	-
Community Foundation for Kingston & Area	3,000	-	-	3,000	-
Government of Canada	14,347	-	-	14,347	15,298
United Church of Canada	-	-	-	-	20,000
United Way	48,611	-	-	48,611	-
Events and fundraising	275,249	-	-	275,249	324,647
Membership	180,111	-	-	180,111	186,814
Programs	288,986	-	-	288,986	532,240
Services	107,984	-	-	107,984	187,370
Communications	119,614	-	-	119,614	134,362
Facilities	11,506	-	-	11,506	32,272
Other funding sources	24,978	-	2,470	27,448	22,055
Federal wage subsidy	378,141	-	-	378,141	203,758
Forgivable portion of CEBA loan (note 6)	10,000	-	-	10,000	-
	<u>1,717,648</u>	<u>-</u>	<u>2,470</u>	<u>1,720,118</u>	<u>1,865,070</u>
<b>Expenses</b>					
Communications	163,619	-	-	163,619	193,956
Events	102,149	-	-	102,149	109,672
Facilities	248,948	-	-	248,948	252,960
Membership	47,325	-	-	47,325	44,936
Programs	349,538	-	-	349,538	415,941
Services	169,939	-	-	169,939	211,782
Administration	333,504	-	-	333,504	372,916
Amortization	-	63,489	-	63,489	91,965
	<u>1,415,022</u>	<u>63,489</u>	<u>-</u>	<u>1,478,511</u>	<u>1,694,128</u>
<b>Excess (deficiency) of     revenues over expenses</b>	<u>\$ 302,626</u>	<u>\$ (63,489)</u>	<u>\$ 2,470</u>	<u>\$ 241,607</u>	<u>\$ 170,942</u>

See accompanying notes to financial statements.

**SENIORS ASSOCIATION KINGSTON REGION**  
**STATEMENT OF CHANGES IN FUND BALANCES**  
**YEAR ENDED JULY 31, 2021**

	<u>2021</u>				<u>2020</u>	
	<u>Unrestricted Operating Fund</u>	<u>Internally Restricted Fund</u>	<u>Capital Asset Fund</u>	<u>Endowment Fund</u>	<u>Total</u>	<u>Total</u>
Fund balances at beginning of year	\$ 203,100	\$ 241,875	\$ 164,264	\$ 16,938	\$ 626,177	\$ 455,235
Excess (deficiency) of revenues over expenses	302,626	-	(63,489)	2,470	241,607	170,942
Interfund transfers (note 7)	<u>(135,448)</u>	<u>135,448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances at end of year</b>	<u><u>\$ 370,278</u></u>	<u><u>\$ 377,323</u></u>	<u><u>\$ 100,775</u></u>	<u><u>\$ 19,408</u></u>	<u><u>\$ 867,784</u></u>	<u><u>\$ 626,177</u></u>

See accompanying notes to financial statements.

**SENIORS ASSOCIATION KINGSTON REGION**  
**STATEMENT OF CASH FLOW**  
**YEAR ENDED JULY 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>Cash flow from (used in) operating activities</b>		
Grants and donations	\$ 554,686	\$ 651,408
Membership dues	180,111	186,814
Programs	291,733	545,018
Services	107,984	187,370
Communications	119,614	134,362
Facilities	11,506	32,272
Other funding sources	24,732	21,082
Programs and services	<u>(1,013,452)</u>	<u>(1,452,873)</u>
	<u>276,914</u>	<u>305,453</u>
<b>Cash flow from (used in) investing activities</b>		
Purchase of leasehold improvements	-	(53,475)
Disposal (purchase) of short-term investments	<u>278,608</u>	<u>(202,116)</u>
	<u>278,608</u>	<u>(255,591)</u>
<b>Cash flow from financing activities</b>		
Proceeds of term loan	<u>-</u>	<u>40,000</u>
<b>Net increase in cash and cash equivalents</b>	555,522	89,862
<b>Cash and cash equivalents at beginning of year</b>	<u>210,885</u>	<u>121,023</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 766,407</u>	<u>\$ 210,885</u>

See accompanying notes to financial statements.



# SENIORS ASSOCIATION KINGSTON REGION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JULY 31, 2021

### 1. Purpose of Organization

Seniors Association Kingston Region (the "Association") is incorporated under the laws of Ontario and is registered as a charity exempt from income tax. The purpose of the Association is to enhance the wellness of seniors generally and, in particular, to extend the age of their independent living. The provision of pro-active leadership, co-ordination, support and action is provided as appropriate in the promotion, development and delivery of quality programs.

### 2. Significant Accounting Policies

The following significant accounting policies of the Association are in accordance with Part III of the CPA Canada Handbook - Canadian Accounting Standards for Not-for-Profit Organizations:

#### (a) Fund Accounting

The Association follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the Association's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants. Unrestricted funds are also available for future major renovations and maintenance.

The Internally Restricted Fund reports resources dedicated to the Association's program development, capital improvements and infrastructure.

The Capital Assets Fund reports the resources invested in and expenditures related to the Association's capital assets.

The Endowment Fund was established in 1997 and is held with The Community Foundation of Greater Kingston. Endowment contributions are to be retained for a period of not less than ten years as permanent capital.

#### (b) Capital Assets

Expenditures on capital assets are charged to current expense at the time of acquisition unless the assets are long-term in nature and cost \$10,000 or more, in which case they are capitalized on the statement of financial position and amortized over their estimated useful lives. Leasehold improvements are amortized using the straight-line method over the term of the lease or the useful life of the improvement if considered shorter.

**SENIORS ASSOCIATION KINGSTON REGION**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED JULY 31, 2021**

**2. Significant Accounting Policies (continued)**

(c) Revenue Recognition

Operating grants are recorded in the Operating Fund as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, and no restricted fund exists, it is deferred and recognized in the subsequent period.

Unrestricted contributions are recognized in the Operating Fund as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions received are recognized when received if a restricted fund exists; if no restricted fund exists, such contributions are recognized in the Operating Fund when the related expense is incurred.

Pledges under regular fundraising and specific fundraising campaigns are not recognized until cash on the pledge is received.

Revenue from fees related to membership, programs, services, communications and events are recognized when the services are provided as per the terms of the related agreements.

(d) Donated Property and Services

Donated property is recorded as revenue at its estimated fair market value at the date of the donation. The Association is dependant on services provided by volunteers. Since these services are not normally purchased by the Association and due to the difficulty of determining their fair market value, donated services are not recorded in the accounts.

(e) Financial Instruments

Financial instruments, including short-term investments consisting of guaranteed investment certificates, are initially recognized at fair value and then subsequently at amortized cost with gains and losses recognized in the statement of operations in the period in which the gain or loss occurs.

(f) Wages and Salaries

The Association manages its staff costs centrally. Although individuals are assigned to either delivering the programs and services of the Association or administering its affairs, wages and benefits are assigned to a central account throughout the year. At the end of the fiscal year, staff costs are distributed to the functional area in which each individual directly works to accurately report the costs associated with these functions.

**SENIORS ASSOCIATION KINGSTON REGION**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED JULY 31, 2021**

**2. Significant Accounting Policies (continued)**

(g) Cash and Cash Equivalents

Cash and cash equivalents includes bank balances held with the Association's chartered bank as well as investments in fixed income instruments readily convertible into cash.

(h) Impairment of Long-Lived Assets

Capital assets and intangible assets subject to amortization are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

(i) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. A significant estimate included in the financial statements concerns the valuation of accounts receivable. Actual results could differ from those estimates.

**3. Investments**

	<u>2021</u>	<u>2020</u>
Guaranteed interest certificate, 0.75%, maturing September 9, 2022	\$ 77,048	\$ 77,264
Guaranteed interest certificate, 1.2%, maturing March 1, 2021	-	200,993
Guaranteed interest certificate, 2.25%, maturing August 31, 2020	-	77,399
	<u>\$ 77,048</u>	<u>\$ 355,656</u>

**4. Accounts Payable and Accrued Liabilities**

Included in accounts payable and accrued liabilities are the following amounts owing:

	<u>2021</u>	<u>2020</u>
Workers' Compensation	\$ 979	\$ 593
Other amounts (trade payables, accrued liabilities)	<u>40,550</u>	<u>39,448</u>
	<u>\$ 41,529</u>	<u>\$ 40,041</u>

**SENIORS ASSOCIATION KINGSTON REGION**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED JULY 31, 2021**

**5. Deferred Revenue**

Deferred revenue represents cash received in advance for services and other programs for which the related expenses will not be recognized until a later period.

The deferred revenue is comprised of:

	<u>2021</u>	<u>2020</u>
Unused credits for programs	\$ 42,312	\$ 71,973
United Way - Seniors Centre Without Walls	7,639	40,000
City of Kingston	21,840	21,840
Employment and Social Development Canada	9,458	-
Ministry for Seniors and Accessibility	14,233	14,233
Golf fee advances	6,500	3,990
Annual Campaign 2020	-	3,421
Research project	1,549	1,549
Other	<u>500</u>	<u>-</u>
	<u>\$ 104,031</u>	<u>\$ 157,006</u>

**6. Term Loan**

The Association received proceeds of \$40,000 in respect of the Canada Emergency Business Account ("CEBA"). The loan bears interest at a rate of 0% per annum during the initial term of the loan, which expires December 31, 2022. No principal repayments are required during the initial term of the loan. If the Association has paid 75% of the loan amount prior to December 31, 2022, the lender will forgive the remaining balance of the loan at this time. If a balance still exists at January 1, 2023, interest will commence at a rate of 5% per annum, payable monthly. Any balance remaining on the loan will be repayable in full on December 31, 2025. The loan is unsecured.

In accordance with its accounting policies related to government assistance, management has deemed it likely that the non-forgivable portion of the loan will be repaid by December 31, 2022, and has recognized the \$10,000 forgivable portion of the arrangement in income during the year ended July 31, 2021.

**SENIORS ASSOCIATION KINGSTON REGION**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED JULY 31, 2021**

**7. Inter-Fund Transfers**

The following transfers were approved by the Association's directors during the year:

- (a) Funds in the amount of \$30,000 were transferred from the Unrestricted Operating Fund's to the COVID Contingency Fund.
- (b) Funds in the amount of \$101,973 were transferred from the Unrestricted Operating Fund's annual campaign donations to the Innovation Fund.
- (c) Funds in the amount of \$3,475 were transferred from the Unrestricted Operating Fund's annual campaign donations to the Stewardship Fund.
- (d) Funds in the amount of \$96,300 were transferred from the Innovation Fund to the Database Fund.

**8. Internally Restricted Fund**

	<u>2021</u>	<u>2020</u>
Stewardship fund	\$ 25,000	\$ 21,525
Innovation fund	226,023	220,350
Database fund	96,300	-
COVID contingency fund	<u>30,000</u>	<u>-</u>
	<u>\$ 377,323</u>	<u>\$ 241,875</u>

**9. Commitments**

The Association occupies its main facility under the terms of a facility lease with the Corporation of the City of Kingston. The lease expires in December of 2037. Under the terms of the lease, the Association must pay annual base rent of \$1 per annum, plus applicable sales taxes. In addition, the Association is required to fund all operating costs associated with the property, including utilities, security, snow removal, grounds costs, etc. Costs for major repairs, replacements to the exterior building envelope and replacement of mechanical systems are not to be included in operating costs under the lease. The Association may terminate the lease agreement with provision of six months' notice.

**10. Volunteers**

The Association would not be successful without the support of over 500 volunteers which equates to 64 full-time employees. The skills and experience they bring are invaluable.

**SENIORS ASSOCIATION KINGSTON REGION**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED JULY 31, 2021**

**11. Financial Risks**

The Association manages its exposure to the risks associated with financial instruments that have potential to affect its operating and financial performance. The Association manages its financial instruments to ensure it has adequate capital to continue to provide its services to the members. It is management's opinion that the Association is not exposed to significant interest, currency, liquidity or market risks arising from these financial instruments.

Since the commencement of the COVID-19 outbreak during the 2020 fiscal year, there have been significant disruptions to organizations throughout Canada and the rest of the world, leading to a general economic slowdown. Global equity markets have experienced significant volatility through the pandemic period. This volatility has not resulted in significant unrealized losses on the Association's investments.

Outside of the effect on the Association's investment performance, social distancing protocols put in place by various provincial governments and local authorities have had significant effects on the Association, including the cancellation or restructuring of much of the programming and operation of food services. The responses to contain the pandemic may have effects on the Association's membership, programs and services revenues for the 2022 fiscal year. Also, general economic conditions may affect the Association's fundraising efforts and the timely collection of outstanding receivables. It is not possible to reliably estimate the duration or severity of these consequences, or their impact on the financial position and results of operations for the Association for future periods.

In order to mitigate the effects of the pandemic, the Association has undertaken a number of efforts, including accessing available financing (note 6), planning for additional grant submissions efforts, communication with funding partners and applications for available wage subsidy programs.

**12. Contingency**

Should the Association not repay the \$30,000 non-forgivable portion of the loan describe in note 6 by December 31, 2022, the \$10,000 recognized in the statement of operations would also become repayable at that time.

**13. Comparative Figures**

Certain comparative figures have been restated in order to conform to the financial statement presentation adopted for the current year.