

DRAFT Financial Statements of
**THE RENAISSANCE
SENIORS' CENTRE**

And Independent Auditors' Report thereon
Year ended December 31, 2021

INDEPENDENT AUDITORS' REPORT

To the Directors of The Renaissance Seniors' Centre

Opinion

We have audited the financial statements of The Renaissance Seniors' Centre (the Entity), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' 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 opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates the Entity experienced a deficiency of revenue over expenses and a fund deficit in previous years.

As stated in Note 1 in financial statements, these events or conditions, along with other matters as set forth in Note 1 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect to this matter.

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 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.

Auditors' 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 auditors' 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 the 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 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 auditors' 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 auditors' 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.
- 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.

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Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

April 25, 2022

THE RENAISSANCE SENIORS' CENTRE

Statement of Financial Position

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December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 26,912	\$ 2,781
Accounts receivable	13,690	2,610
Inventories	1,375	-
Prepaid expenses	6,692	-
	<u>\$ 48,669</u>	<u>\$ 5,391</u>
Liabilities and Fund Balance (deficit)		
Current liabilities:		
Accounts payable and accrued liabilities (note 2)	\$ 6,422	\$ 12,783
Canada Emergency Business Account (note 3)	13,316	30,000
Deferred revenue	10,675	-
	<u>30,413</u>	<u>42,783</u>
Fund balance (deficit)	18,256	(37,392)
Going concern (note 1)		
	<u>\$ 48,669</u>	<u>\$ 5,391</u>

See accompanying notes to financial statements.

On behalf of the Board:

President

Director

THE RENAISSANCE SENIORS' CENTRE

Statement of Operations

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Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Provincial funding	\$ 66,646	\$ 42,700
Federal funding (notes 3 and 4)	42,182	10,000
Rental income	39,432	9,275
Municipal funding	32,478	26,723
Membership and other	6,583	44,038
Fundraising	2,039	10,274
Bar revenue	910	1,981
Kitchen	345	2,847
	190,615	147,838
Expenses:		
Salaries and benefits	36,423	57,302
Repairs and maintenance	24,545	25,447
Professional fees	16,229	7,953
Office and general	15,390	15,099
Property taxes	11,723	11,502
Insurance	10,384	12,541
Utilities	9,873	14,786
Equipment	3,964	-
Program costs	3,948	7,447
Kitchen expenses	958	3,307
Interest and bank charges	807	1,213
Advertising	723	2,481
Fundraising costs	-	9,965
Bar expenses	-	3,725
Bad debts	-	61
	134,967	172,829
Excess (deficiency) of expenses over revenue	\$ 55,648	\$ (24,991)

See accompanying notes to financial statements.

THE RENAISSANCE SENIORS' CENTRE

Statement of Changes in Fund Balances

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Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Fund balance (deficit), beginning of year	\$ (37,392)	\$ (12,401)
Excess (deficiency) of expenses over revenue	55,648	(24,991)
Fund balance (deficit), end of year	\$ 18,256	\$ (37,392)

See accompanying notes to financial statements.

THE RENAISSANCE SENIORS' CENTRE

Statement of Cash Flows

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Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Excess (deficiency) of expenses over revenue	\$ 55,648	\$ (24,991)
Item not involving cash:		
Canada Emergency Business Account - forgivable loan	-	(10,000)
	55,648	(34,991)
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(11,080)	3,416
Increase in accounts payable and accrued liabilities	(6,361)	(15,986)
(Increase) decrease in prepaid expenses	(6,692)	891
Decrease (increase) in prepaid expenses	(1,375)	4,616
Increase (decrease) in deferred revenue	10,675	(3,690)
	40,815	(45,744)
Financing:		
Issuance of the Canada Emergency Business Account	-	40,000
Principal repayments on Canada Emergency Business Account	(16,684)	-
	(16,684)	40,000
Increase (decrease) in cash	24,131	(5,744)
Cash, beginning of year	2,781	9,416
Cash, end of year	\$ 26,912	\$ 3,672

See accompanying notes to financial statements.

THE RENAISSANCE SENIORS' CENTRE

Notes to Financial Statements

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Year ended December 31, 2021

The Renaissance Seniors' Centre (the "Centre") is a non-profit organization incorporated provincially under the Not-for-profit Corporations Act of Ontario. As a registered charity the Centre is exempt from the payment of income tax under Section 149(1) of the Income Tax Act. The Centre operates in Elliot Lake, Ontario.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Centre's significant accounting policies are as follows:

(a) Going concern:

These financial statements have been prepared assuming the Centre will continue as a going concern. The going concern basis of presentation assumes the Centre will continue in operation for the foreseeable future and can realize its assets and discharge its liabilities and commitments in the normal course of business.

Although the Centre has positive working capital of \$16,881 and an accumulated fund surplus of \$16,681 and has experienced positive cash flows in the current year, in prior years the Centre had a negative working capital, an accumulated fund deficit, and had experienced negative cash flows. The excess of revenue over expenses in the December 31, 2021 financial results is due to one-time federal grants for the Canadian Emergency Wage Subsidy and the Canada Recovery Hiring Program subsidy which are COVID-19 pandemic relief measures. As a result, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Centre's ability to continue as going concern and, therefore, the Centre may be unable to realize its assets and discharge its liabilities in the normal course of business.

The ability of the Centre to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business is dependent upon the continued support from its donors and funders and on its ability to maintain profitable operations in the future. Management is of the opinion that sufficient working capital will be obtained from future cash flows to meet the Centre's liabilities and commitments as they become payable. The ability to continue profitable operations in the future depends upon the successful completion of additional funding arrangements. No assurance can be given that additional funding will be available in the future from other sources or that, if available, it can be obtained on terms favourable to the Centre.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to the carrying amount of assets, the reported revenue and expenses, and the statement of financial position classifications used to reflect these on a liquidation basis which could differ from accounting principles applicable to a going concern.

THE RENAISSANCE SENIORS' CENTRE

Notes to Financial Statements (continued)

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Year ended December 31, 2021

1. Significant accounting policies (continued):

(b) Inventories:

Inventories are measured at the lower of cost and net realizable value by using first-in, first-out costing methodology. The Centre uses the same cost formula for all the inventories having a similar nature and use to the entity. When circumstances which previously caused inventories to be written down no longer exists the previous impairment is reversed.

(c) Revenue recognition:

The Centre follows the deferral method of accounting for contributions, which includes donations and government grants.

Operating grants are recorded as revenue in the year to which they relate. Grants approved but not received at the end of the accounting year are accrued. Where a portion of a grant relates to a future year, it is deferred and recognized in the subsequent year.

The Centre recognizes rental revenue on a monthly accrual basis when collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the amount is fixed or determinable.

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

(d) Contributed services:

The Centre is dependent on both the contribution of time by volunteers and donated materials from various sources. The fair value of these contributed services cannot be reasonably determined and are therefore not reflected in these financial statements.

(e) 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 dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

THE RENAISSANCE SENIORS' CENTRE

Notes to Financial Statements (continued)

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Year ended December 31, 2021

1. Significant accounting policies (continued):

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

2. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$Nil (2020 - \$4,141), which includes amounts payable for payroll related taxes.

3. Canadian Emergency Business Account:

In response to COVID-19, the Canadian Government has announced various measures in order to ensure small businesses have access to required capital. The Canada Emergency Business Account ("CEBA") provides small businesses with loan of up to \$40,000 bearing no interest up until December 31, 2023. Repayment of the balance of the loan on or before December 31, 2023 will result in loan forgiveness of 25% (up to \$10,000). In the prior fiscal year, the Centre had recorded the \$10,000 as a government grant within the federal funding financial statement caption. In the current fiscal year, the Centre repaid \$16,684. Should the remaining balance not be repaid by December 31, 2022 the \$10,000 government grant recorded within the 2020 financial statements will be reversed.

4. Government assistance

As part of the federal response to the COVID-19 pandemic, announcements were made for certain subsidy programs to support businesses by providing financing. Included in the December 31, 2021 financial statements is \$42,182 (2020 - \$Nil) of revenues related to the Canada Emergency Wage Subsidy ("CEWS") and the Canada Recovery Hiring Program subsidy ("CRHP"). The amount is subject to audit by the Canada Revenue Agency and if any amounts are deemed to be repayable they will be recorded in the period the audit is complete.

THE RENAISSANCE SENIORS' CENTRE

Notes to Financial Statements (continued)

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Year ended December 31, 2021

5. Demand line of credit:

The Centre has an unutilized demand operating line of credit with the Royal Bank of Canada authorized to a maximum of \$25,000, which bears interest at the bank's prime lending rate plus 7.75%. The line of credit is secured by a general security agreement. As of December 31, 2021, \$Nil (2020 - \$Nil) has been drawn on this demand operating line of credit.

6. Financial risks and concentration of risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Centre will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Centre manages its liquidity risk by monitoring its operating requirements. The Centre prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2020.

(b) Other risks:

The Centre's main sources of revenue are government operating grants, rental, fundraising and donation revenues. In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. The Centre halted all in-person activity and closed its facilities to staff for a period of time based on recommendations from Public Health Ontario. In the summer of 2020, certain in person services restarted in compliance with Public Health regulations.

In response to the adverse impact the pandemic has had on certain revenue streams, the Organization has undertaken certain cost cutting measures. The Centre has obtained funding through CEWS and CHRP programs. See note 4 for additional information.

The impact of COVID-19 is expected to negatively impact operations for a duration that cannot be reasonably predicted. The further overall operational and financial impact is highly dependent on the duration of COVID-19, including the potential occurrence of additional waves of the pandemic, and could be affected by other factors that are currently not known at this time. Management is actively monitoring the effect of the pandemic on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the pandemic and the global responses to curb its spread, the Organization is not able to fully estimate the effects of the pandemic on its results of operations, financial condition, or liquidity at this time.