

S.E.N.A.C.A. Seniors Day Program Halton Inc.

Financial Statements

March 31, 2018

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May 14, 2018

S.E.N.A.C.A. Seniors Day Program Halton Inc. (SENACA)
53 Bond Street
Oakville ON L6K 1L8

Attention: Wendy McBride

Dear Ms. McBride

Thank you for the opportunity to be SENACA's auditor for another year. I hope to serve as your auditor for a few more years.

One of the changes brought about by the new auditing standards as issued by the Canadian Institute of Chartered Professional Accountants is the requirement that I now must issue a management letter to you indicating my findings as a result of my testing your internal controls.

During the course of my audit, there were no material internal control deficiencies or business weaknesses found which needed to be brought to the attention of management.

However, I do have some minor suggestions related to the accounting administration of SENACA that may result in some efficiencies. Please note that all are suggestions.

(a) From an internal control perspective, your system is excellent. All vouchers require two manual signatures (usually yours and specified board members). As well, each cheque has two manual signatures (usually yours and a specified board member). This requires that you spend a great amount of time signing off on expenditures. I could certainly understand if you changed to a presigned cheque (with manual signatures required over a certain threshold). The manual authorization of all expenditures is an excellent control that should not be changed. Your bank statements now include digital images of the cancelled cheques.

(b) In the current year, the payroll system was changed to allow for direct deposit into your employees' bank accounts. This seemed to work very well and it resulted in the saving of Derek's time and bank fees. You may want to extend this to the preauthorized payment of monthly obligations that you have no control over, such as telephone and internet payments, cable and credit card payments. This will save the late filing penalties that are paid out each year.

(c) Most of the time, the staff members reimbursement requests provide receipts only. When they are requesting a reimbursement of three or more invoices, it can be a very difficult process for Derek to calculate the amount refundable to the employee. It would be preferable if the employees complete actual expense reports (including the total HST paid). This could save Derek significant time.

(d) I want you to be aware that any staff member over the age of 65 no longer has to contribute to the CPP. However, it is a negative billing situation in that the deduction will continue until the CRA form CPT30 is provided to your payroll department and to the CRA. The filing of the CPT30 by all employees 65 and over will save the employee and SENACA significant dollars. Any filings of these forms should be as at January 1. That way, any CPP deducted in the year to date can be refunded to the employee, and SENACA also gets its share of the refund. (Note that any CPP refunds would not require amendments be made to the March financial statements).

(e) You now have a Paypal cash account to assist in accounts receivable collection. That seems to be working well, although the bank fees are significant at 2.9%. You may actually find that taking debit cards and or visa/mastercard may actually be cheaper for you, and more convenient for your clients. The biggest advantage of taking credit cards is that it speeds up the collection of accounts receivable. The flip side of that is that payments would be taken by staff at Palermo and Coptic. As a result, Derek may feel that he is losing some control of the accounts receivable process. If cards were to be taken, it would be essential that the provider (Interac) provides Derek with a timely, monthly report of all credit card transactions by client in the month.

Once again Wendy, this has been a pleasure to do for you. Please feel free to contact me directly if you have any questions or concerns pertaining to any points of this management letter, the accompanying financial statements or any other financial matter that may arise.

Yours Truly



Gary Burnstein C.P.A., C.A.

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INDEPENDENT AUDITOR'S REPORT

To: Ontario Ministry of Health and Long Term Care
5700 Yonge Street, 12th Floor
Toronto ON M2M 4K5

I have audited the accompanying financial statements of S.E.N.A.C.A. Seniors Day Program Halton Inc. which comprise the statements of financial position as at March 31, 2018 and March 31, 2017 and the statements of operating fund revenue and expenses and changes in cash flows for the years ended March 31, 2018 and March 31, 2017, 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. 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 from 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 judgement, 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 entity'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.

Basis for Qualified Audit Opinion

Donations and cash receipts, by their nature are not susceptible to complete audit verification. Accordingly, my verification of receipts was limited to accounting for amounts recorded in the records of S.E.N.A.C.A Seniors Day Program Halton Inc. and to ensure receipts, once recorded have been properly deposited.

I believe that the audit evidence I have obtained in my audit is sufficient and appropriate to provide a basis for my audit opinion.

Qualified Audit Opinion:

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Audit Opinion paragraph, the financial statements present fairly, in all material respects, the Financial Position of S.E.N.A.C.A. Seniors Day Program Inc. as at March 31, 2018 and as at March 31, 2017 and the results of its operations and its cash flows for the years ended March 31, 2018 and March 31, 2017 in accordance with Canadian accounting standards for not for profit organizations.



CHARTERED PROFESSIONAL ACCOUNTANT
CHARTERED ACCOUNTANT
Licensed Public Accountant

Oakville Ontario
May 14, 2018

S.E.N.A.C.A. Seniors Day Program Halton Inc.
Statement of Financial Position
As at March 31, 2018
(With Comparative Figures as at March 31, 2017)

	2018	2017
	<u>-----</u>	<u>-----</u>
ASSETS		
CURRENT ASSETS		
Cash in bank including petty cash	\$ 157,033	160,929
Term deposits (Note 2b)	479,300	469,344
Term deposit - designated to pay long term debt (Note 3)	0	0
Accounts receivable, net of an allowance for doubtful accounts of 2018 - \$582 , 2017 - \$1,375	35,321	41,513
Harmonized sales tax recoverable	6,931	5,866
Prepaid expenses	0	0
	<u>-----</u>	<u>-----</u>
	\$ 678,585	677,652
	<u>=====</u>	<u>=====</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	117,974	127,093
Government remittances payable	23,869	23,067
Deferred revenue (Note 1d)	0	0
	<u>-----</u>	<u>-----</u>
	141,843	150,160
LONG TERM DEBT		
Prior years' Type 2 Surpluses Repayable (Note 3)	1,588	0
FUND BALANCES		
NET ASSETS	535,154	527,492
	<u>-----</u>	<u>-----</u>
	\$ 678,585	677,652
	<u>=====</u>	<u>=====</u>

Accompanying notes form an integral part of these financial statements.

S.E.N.A.C.A. Seniors Day Program Halton Inc.
Statement of Operating Fund Revenue and Expenses
For the Year Ended March 31, 2018
(With Comparative Figures for the Year Ended March 31, 2017)

	Level 2 Funding	Level 3 Funding	Total 2018	2017
REVENUE (Note 1e)				
Client fees	290,422	0	290,422	299,640
Government grants	755,562	17,412	772,974	766,710
Other grants	0	0	0	5,508
United Way of Oakville grant	63,223	0	63,223	62,587
Investment income	0	9,060	9,060	9,007
	<u>1,109,207</u>	<u>26,472</u>	<u>1,135,679</u>	<u>1,143,452</u>
EXPENSES				
Staff salaries and wages	631,322	14,655	645,977	655,566
Employee benefits	202,007	2,993	205,000	198,008
Staff training	13,482		13,482	9,849
Volunteer and board training and recognition	360	0	360	859
Travel	2,483		2,483	2,896
Building occupancy (Note 4)	114,857		114,857	111,853
Office and general administrative expenses	21,669	0	21,669	21,286
Meals (Food costs)	95,067		95,067	96,779
Service supplies, Medical supplies and equipmer	34,430		34,430	35,511
Purchased administration services	5,026		5,026	5,068
Bad debts	0		0	396
Fund raising expenses	0	0	0	0
	<u>1,120,702</u>	<u>17,648</u>	<u>1,138,350</u>	<u>1,138,071</u>
NET OPERATING INCOME/(LOSS)	(11,495)	8,824	(2,671)	5,381
ADD: Other income				
Fund raising and other revenue	2,002	11	2,013	1,301
Donations received, excluding those listed below	7,156	252	7,408	6,755
Donation received from Maycourt Club	2,500		2,500	2,500
Donation received from Royal Canadian Legion		0	0	4,000
	<u>11,657</u>	<u>264</u>	<u>11,921</u>	<u>14,556</u>
NET OPERATING EXCESS OF REVENUES OVER EXPENSES	162	9,087	9,250	19,937
ADD: Net Assets after repayment, beginning of year			527,492	507,555
NET ASSETS BEFORE REPAYMENT			536,742	527,492
LESS: Repayment to Ontario Minister of Health - current year (Note 3)			0	0
Repayment to Ontario Ministry of Health - prior year (Note 3)			(1,588)	0
NET ASSETS, End of year			<u>\$ 535,154</u>	<u>527,492</u>

Level 2 Funding represents Ontario (LHIN) and United Way funding for SENACA contract specific programs. Any year end overages can be clawed back by the Ontario government.

Level 3 Funding represents other types of funding that cannot be clawed back by the government. Accompanying notes form an integral part of these financial statements.

S.E.N.A.C.A. Seniors Day Program Halton Inc.
Statement of Changes in Cash Flows
For the Year Ended March 31, 2018
(With Comparative Figures for the Year Ended March 31, 2017)

	2018	2017
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FUNDS DERIVED FROM/(USED IN)		
OPERATING ACTIVITIES		
Net operating surplus for the year	\$ 9,250	19,937
Net change in non-cash working capital	(3,190)	(3,690)
	6,059	16,247
FINANCING ACTIVITIES		
Accrued payments made re: overfunding	1,588	0
Actual additional payments made re: overfunding	(1,588)	0
	0	0
NET INCREASE/(DECREASE) IN CASH		
	6,059	16,247
ADD: Cash balance, Beginning of year	630,274	614,026
CASH BALANCE, End of year	\$ 636,333	630,273
Cash consists of:		
Royal Bank - general account	\$ 122,701	123,816
Royal Bank - raffle account	0	0
Royal Bank - Donation account	33,732	36,813
Petty cash fund	600	300
	157,033	160,929
Term deposits (Designated Funds)	479,300	469,344
	\$ 636,333	630,273
Non-cash working capital consists of:		
Increase/(Decrease) in accounts payable	\$ (9,119)	7,049
Increase/(Decrease) in employee deductions payable	802	(1,258)
Increase/(Decrease) in deferred revenue	0	0
(Increase)/Decrease in accounts receivable	6,192	(10,087)
(Increase)/Decrease in H.S.T. recoverable	(1,065)	606
(Increase)/Decrease in prepaid expenses	0	0
Rounding	(0)	0
	\$ (3,190)	(3,690)

Accompanying notes form an integral part of these financial statements.

S.E.N.A.C.A. Seniors Day Program Halton Inc.
Notes to Financial Statements
March 31, 2018

S.(eniors) E.(njoy) N.(urturing) A.(ctivities) C.(ompanionship) A.(chievements) Seniors Day Program Halton Inc. is a non-profit registered charitable organization that provides outings and programs for frail, elderly and disabled adults.

The organization is funded by the following sources:

- monthly fees payable by those assisted
- the Ontario Ministry of Health
- the United Way of Oakville
- direct donations from the public, including other charities

The organization's registered charity number is 135311215RR0001.

S.E.N.A.C.A. Seniors Day Program Halton Inc. was incorporated under the laws of the Ontario Ministry of Consumer and Commercial Relations on July 7, 1992 as a corporation without share capital. (SENACA)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Financial instruments

As SENACA owns no shares in publicly traded companies, all of its financial instruments are recorded at amortized cost less any discovered impairment.

SENACA presents their investments at fair market value as they are liquid and they may be used in the next fiscal year. For these investments, fair market value is the same as their costs.

(c) Tangible capital assets

Capital assets, recorded at historical cost, have been expensed as incurred and have been recorded as equipment purchases on the income statement. Starting in 2012, office policy has been to capitalize all individual assets costing more than \$5,000.

The cost of less expensive assets that have been expensed can be summarized as follows:

	2018	2017
Premises furniture and equipment	\$ 6,597	8,611

Although the transition from previous accounting standards used to Canadian accounting standards for not-for-profit organizations allow for the carrying value of these assets to be adjusted to fair value at April 1, 2011, no SENACA assets were adjusted in value.

(d) Deferral method of accounting

SENACA follows the deferral method of accounting for contributions which include donations and government grants. SENACA is primarily funded by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health and Long Term Care under the Health Insurance Act and its Regulations. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of the accounting period are accrued. Where a portion of the grant relates to a future period, it is deferred and

S.E.N.A.C.A. Seniors Day Program Halton Inc.
Notes to Financial Statements
March 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

(d) Deferral method of accounting continued

recognized in that subsequent period. These financial statements reflect agreed arrangements approved by the Ministry with respect to the year ended March 31, 2018. Grants from Oakville United Way are recorded as received.

Deferred revenue may be generated when donation income received in a fiscal period exceeds the cash requirements of that year. If applicable, these funds would be disbursed in the following year.

(e) Revenue recognition

Revenue from donations is recognized on a cash basis, with no accrual being made for amounts pledged, but not received.

Revenue from client fees is recorded using the accrual basis as the Clients partake in the Organization's programs.

Investment income is recorded on an as received basis.

(f) Volunteer services and gifts in kind

S.E.N.A.C.A. Seniors Day Program Halton Inc. benefits substantially from services in the form of volunteer time. These invaluable services are not recorded in these financial statements. The value of goods and services donated is recorded as revenue and an expense in the financial statements when the fair value can be reasonably estimated and when the goods and services would otherwise be purchased if not donated.

(g) Measurement Uncertainty

The preparation of these statements requires management to make estimates and assumptions that affect the revenue and expenditures during the reporting periods, in addition to the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from these estimates. Types of estimates include: allowance for doubtful accounts receivable and accrued payroll and expense calculations.

2. FINANCIAL INSTRUMENT RISK

SENACA's financial instruments are comprised of cash, short term investments, accounts receivable and accounts payable and accrued liabilities. The fair value of the financial assets approximate their carrying values due to their short term nature or capacity for prompt liquidation. Accounts payable and accrued liabilities are classified as other financial liabilities and are carried at amortized cost. In SENACA's opinion, there are no significant credit, market, interest rate or currency risks arising from its financial instruments.

(a) Credit risk

SENACA is exposed to credit risk which may result from failure to collect accounts receivable. However, due to the large number of clients owing rather small amounts each, the credit risk exposure is minimal and SENACA is not exposed to concentration of credit risk.

(b) Interest rate risk

SENACA is exposed to interest rate risk which may result from future changes to interest rates, which will effect the rate of return of the term deposits and money market funds.

S.E.N.A.C.A. Seniors Day Program Halton Inc.
Notes to Financial Statements
March 31, 2018

2. FINANCIAL INSTRUMENT RISK Continued

(b) Interest rate risk continued

However, as its investments earn 1.60% - 2.52%, (2017 - 1.60% - 2.15%), its exposure to reduced rate risk is minimal. SENACA has no variable interest paying debt.

(c) Liquidity risk

Like all entities, SENACA would be exposed to the possibility of liquidity risk if it were ever unable to meet its payment obligations. It is dependent on its current funders to continue to provide their monthly operating payments

SENACA is not exposed to Market risk.

The extent of SENACA's exposure to the above risks did not change in fiscal 2018.

3. ONTARIO CLAWBACK OF PRIOR YEARS' SURPLUS

\$1,588 (2016 - \$0) has been deemed as payable to Ministry of Health as a repayment of the prior year's surplus. This amount has been designated from the surplus account.

The expected clawback for 2018 is expected to be \$162

4. COMMITMENTS

Facility space

The Organization has minimum lease commitments for the following locations:

Coptic Center	A lease having a three year term began November 1, 2013 The monthly rent is \$4,761 per month for the period from November 2017 until October 2018, and month to month thereafter.
Palermo Church:	A one year extension was signed that will result in monthly rent of \$1,975 for the period from April 1, 2017 to March 31, 2018. A further extension has not been signed. The operation is being maintained.
Bond Street	A one year lease was signed for the period November 1, 2016 to October 31, 2017 that fixed the rent at \$2,196 per month. A further extension has not been signed.

None of the landlords are required to charge H.S.T. on the rental amounts.

Equipment lease

Subsequent to the end of the fiscal year, the Organization incurred a commitment for equipment that requires the following minimum annual operating lease payment (excluding 30% of the HST that is not refundable to the Organization).

March 31, 2019	\$	2,232
March 31, 2020		2,232
March 31, 2021		2,232
March 31, 2022		2,232
March 31, 2023		2,232

	\$	11,162
