

SUNSHINE CENTRES FOR SENIORS

Financial Statements

Year ended December 31, 2015

SUNSHINE CENTRES FOR SENIORS

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Year ended December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Sunshine Centres for Seniors

Report on the Financial Statements

We have audited the accompanying financial statements of Sunshine Centres for Seniors, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, changes in operating fund 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 controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 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 controls relevant to the organization'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 controls. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

Sunshine Centres for Seniors derives a material amount of revenue from fundraising activities including donations and participant fees. We were not able to obtain sufficient appropriate audit evidence about the completeness of the reported amounts for fundraising activities including donations and participant fees, excess of revenues over expenditures and changes to operating fund because there is no direct relationship between assets or services given up in exchange for amounts received or receivable. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

INDEPENDENT AUDITOR'S REPORT, continued

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

MISSISSAUGA, Ontario
March 3, 2016

HS & Partners LLP
Chartered Professional Accountants
Licensed Public Accountants


SUNSHINE CENTRES FOR SENIORS

Statement of Financial Position


December 31

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash	\$ 370,256	\$ 59,615
Investments (Note 3)	98,259	97,314
Accounts receivable	231	1,250
Prepaid expenses and deposits	9,497	6,300
HST rebate recoverable	6,763	7,081
	<u>\$ 485,006</u>	<u>\$ 171,560</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 10,305	\$ 8,125
Deferred revenue (Note 4)	335,068	60,307
	<u>345,373</u>	<u>68,432</u>
CONTINGENT LIABILITY (Note 5)		
NET ASSETS		
Capital Reserves Fund (Note 6)	22,624	22,624
Contingency Fund (Note 7)	65,422	65,422
Lean Year Fund (Note 8)	16,505	-
Operating Fund (Note 9)	35,082	15,082
	<u>139,633</u>	<u>103,128</u>
	<u>\$ 485,006</u>	<u>\$ 171,560</u>

ON BEHALF OF THE BOARD



Director



Director

SUNSHINE CENTRES FOR SENIORS

Statement of Operations

Year ended December 31

	2015	2014
REVENUES		
Grant Revenue, Schedule 1	\$ 440,327	\$ 314,753
Unrestricted donations	132,531	124,966
Participants' contributions	14,283	17,382
Volunteers' fundraisers	1,632	4,325
Federal hiring credit	1,000	-
Interest income	951	998
	590,724	462,424
EXPENDITURES		
Program Costs, Schedule 2	489,271	436,195
Administration Costs, Schedule 3	64,948	58,788
	554,219	494,983
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 36,505	\$ (32,559)

SUNSHINE CENTRES FOR SENIORS
Statement of Changes in Operating Fund
Year ended December 31

	2015	2014
OPERATING FUND - BEGINNING OF YEAR	\$ 15,082	\$ 34,428
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	36,505	(32,559)
AMOUNT TRANSFERRED (TO) FROM LEAN YEAR FUND (Note 8)	(16,505)	13,213
OPERATING FUND - END OF YEAR	\$ 35,082	\$ 15,082

SUNSHINE CENTRES FOR SENIORS

Statement of Cash Flows

Year ended December 31

	2015	2014
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ 36,505	\$ (32,559)
Change in non-cash working capital items		
Accounts receivable	1,019	(1,250)
Prepaid expenses and deposits	(3,197)	(586)
HST rebate recoverable	318	(976)
Accounts payable and accrued liabilities	2,180	(4,730)
Deferred revenue	274,761	(1,842)
Cash flow	311,586	(41,943)
FINANCING ACTIVITY		
Capital Reserves Fund expenditures	-	(1,869)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	311,586	(43,812)
CASH AND CASH EQUIVALENT - BEGINNING OF YEAR	156,929	200,741
CASH AND CASH EQUIVALENT - END OF YEAR	\$ 468,515	\$ 156,929
CASH AND CASH EQUIVALENT CONSISTS OF:		
Cash	\$ 370,256	\$ 59,615
Investments	98,259	97,314
	\$ 468,515	\$ 156,929

SUNSHINE CENTRES FOR SENIORS

Grant Revenue

Year ended December 31

	2015	2014
Federal Government		
Federal Summer Career Placement Grant	\$ 10,712	\$ 16,382
New Horizons for Seniors Program Grant	18,446	6,000
Provincial Government		
Ontario Ministry of Health & Long Term Care		
Provincial Subsidy	-	42,699
Pay Equity	-	6,672
Special Grants	-	12,802
Ontario Seniors' Secretariat		
Provincial Subsidy	85,492	42,607
Pay Equity	13,348	6,674
Special Grants	16,921	17,000
Community Grant Program	3,216	-
Ontario Trillium Foundation	40,721	19,619
Older Adult Centre Association	-	2,500
Summer Experience Program	2,875	-
City of Toronto		
Community Service Grant	43,795	42,890
Community Festivals and Special Events Investment Funding	8,000	7,600
United Way of Greater Toronto		
Base Allocation	87,589	87,589
Campaign Unrestricted Donations	104,212	2,935
Leadership Training	-	784
Additional 2015 Funding	5,000	-
	\$ 440,327	\$ 314,753

SUNSHINE CENTRES FOR SENIORS

Program Costs

Year ended December 31

	2015	2014
Employee benefits	\$ 33,532	\$ 28,968
Employee training	1,341	784
Entertainment and speakers	16,756	19,281
Food services	45,576	39,714
Insurance	6,548	5,651
Professional services	5,737	6,184
Program supplies	18,328	13,741
Publicity and fundraising	3,982	2,054
Rent and security	8,887	8,887
Repairs and maintenance	8,375	2,705
Salaries	317,723	285,659
Supplies and postage	4,512	4,057
Telephone	2,411	2,436
Transportation - staff and participants	11,395	12,168
Transportation and other expenses - volunteers	3,624	3,357
Utilities	544	549
	\$ 489,271	\$ 436,195

SUNSHINE CENTRES FOR SENIORS**Administration Costs****Year ended December 31**

	2015	2014
Association dues and conference fees	\$ 2,438	\$ 2,268
Employee benefits	3,726	3,218
Office supplies and postage	6,493	5,839
Professional services	8,257	8,900
Publicity and fundraising	3,982	2,055
Rent and security	2,962	2,962
Salaries	35,302	31,740
Telephone	1,607	1,624
Utilities	181	182
	<hr/> \$ 64,948	<hr/> \$ 58,788

SUNSHINE CENTRES FOR SENIORS

Notes to the Financial Statements

December 31, 2015

1. PURPOSE OF ORGANIZATION AND INCOME TAX STATUS

The purpose of Sunshine Centres for Seniors (the "organization") is to provide health promotion, social, and recreational programs to isolated seniors annually at eight separate locations. A day camp on Ward's Island operates from May to September; a program at 117 Bloor Street operates from September through May and programs are provided throughout the year at the following sites: 325 and 375 Bleecker Street, 460 Jarvis Street, 84 Carlton Street and 252 Sackville Street, Toronto Ontario. In December 2015, a new program started at 250 Davenport Road. The organization is incorporated without share capital under the laws of Ontario and is registered as a not-for-profit organization and has charitable status under the Income Tax Act, Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Revenue Recognition

The organization follows the deferral method of accounting for contributions. The organization receives revenue from grants, programs and fundraising activities. Unearned revenue is recognized based on criteria for recognizing revenue in subsequent periods.

(b) Cash Equivalents

Highly liquid investments, including guaranteed investment certificates with original maturities of three months or less are classified as cash equivalents.

(c) Investments

Investments are considered held-for-trading and are recorded at fair value. Fair value is considered to be the current market value of the underlying security. Interest income is recorded on the accrual basis.

(d) Capital Expenditure

Capital assets, which are comprised of furniture, equipment and leasehold improvements, are expensed in the year of acquisition, subject to Board approval, against the Capital Reserves Fund, as described in Note 6.

(e) Financial Instruments

The organization's financial instruments consist of cash, investments, accounts receivable and accounts payable. Unless otherwise noted it is management's opinion that the organization is not exposed to significant interest, currency or credit risks.

SUNSHINE CENTRES FOR SENIORS

Notes to the Financial Statements

December 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Financial Instrument Classification

All financial instruments are initially measured at fair value and subsequently according to the following measurement methods.

<u>Financial instruments</u>	<u>Classification</u>	<u>Subsequent measurement</u>
Cash	Held for trading	Fair value
Investments	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost using the effective interest method
Accounts payable	Other liabilities	Amortized cost using the effective interest method

(g) Allocation of Expenses

The organization is involved in various health promotion, social and recreational programs. The costs of these programs include the costs of personnel and other expenses that are directly related to providing the programs. The organization also incurs a number of general support expenses that are common to the administration of the organization and each of its programs. Management has made the following allocations between program and administration costs:

	<u>Program Costs</u>	<u>Administration Costs</u>
Salaries and employee benefits	90%	10%
Office supplies	41%	59%
Professional services	41%	59%
Publicity and fundraising	50%	50%
Rent and security	75%	25%
Telephone	60%	40%
Utilities	75%	25%

(h) Measurement Uncertainty

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 amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

SUNSHINE CENTRES FOR SENIORS

Notes to the Financial Statements

December 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(i) Other

All other transactions of the organization are recorded on the accrual basis whereby they are reflected in the accounts in the period in which they have been earned and incurred respectively, whether or not such transactions have been settled by the receipt or payment of money.

3. INVESTMENTS

	<u>2015</u>	<u>2014</u>
TD Canada Trust, Guaranteed Investment Certificate, \$62,405 par value, 1.05%, 732 days, maturing March 25, 2017	\$ 62,912	\$ 62,251
TD Canada Trust, Special Offer Guaranteed Investment Certificate \$10,055 par value, 0.55%, 100 days maturing March 26, 2016	10,097	10,017
TD Canada Trust, Special Offer Guaranteed Investment Certificate, \$25,245 par value, 0.55%, 100 days maturing March 26, 2016	25,250	25,046
	<u>\$ 98,259</u>	<u>\$ 97,314</u>

SUNSHINE CENTRES FOR SENIORS

Notes to the Financial Statements

December 31, 2015

4. DEFERRED REVENUE

	Opening Balance	Amount Received or Receivable	Income Recognized	Ending Balance
Renovations (a)	\$ 24,200	\$ -	\$ -	\$ 24,200
Leadership training (b)	2,540	-	-	2,540
Ward's Island - bathroom renovations (c)	14,732	-	-	14,732
Community One Foundation (d)	1,333	5,000	4,969	1,364
George C. Hunt Family Foundation (e)	-	175,000	-	175,000
New Horizons for Seniors (f)	-	25,000	18,446	6,554
Ontario Community Grant (g)	-	6,400	3,216	3,184
Ontario Seniors' Secretariat (h)	8,260	90,580	98,840	-
Ontario Seniors' Secretariat EPC1 (i)	3,001	11,546	7,698	6,849
Ontario Seniors' Secretariat EPC2 (j)	4,460	11,547	9,223	6,783
Ontario Trillium Foundation (k)	1,781	42,800	40,720	3,862
The Geoffrey H. Wood Foundation (l)	-	50,000	10,000	40,000
United Way Campaign Unrestricted Donations - George C. Hunt Family Foundation (m)	-	149,988	99,988	50,000
	\$ 60,307	\$ 567,861	\$ 293,100	\$ 335,068

Income has been recognized in 2015 and deferred to 2016 to the extent that expenses have been made in accordance with the restrictions imposed by the following donors or grant providers:

SUNSHINE CENTRES FOR SENIORS

Notes to the Financial Statements

December 31, 2015

4. DEFERRED REVENUE, continued

- (a) Includes grants received in 2002 from Timothy Eaton Memorial Church in the amount of \$3,200 and from Heaslip Foundation in the amount of \$1,000, in 2003 from St. Andrew's United Church in the amount of \$10,000 and from a private donor in the amount of \$5,000 for 2006 and \$5,000 for 2007. Recognition deferred until spent in accordance with designated purpose: expansion of wheelchair accessible washroom space in the Ward's Island building.
- (b) Includes funds received in 2006 from United Way of Greater Toronto in the amount of \$4,118 for staff to attend leadership training.
- (c) During 2007 the organization received approval from United Way of Greater Toronto to allocate \$14,732 of that year's unspent funds towards future renovations of the washrooms on Ward's Island, which have not commenced as at December 31, 2015. This amount was allocated from the Operating Fund in 2007. Recognition deferred until washrooms renovations completed.
- (d) Includes funds received from the Community One Foundation in the amount of \$5,000 for period April 30, 2014 to March 31, 2015, of which \$1,364 deferred to 2016.
- (e) Includes funds received from the George C. Hunt Family Foundation on December 30, 2015 in the amount of \$175,000 relating to 2016 programs and operating expenses with all of it being deferred to 2016.
- (f) Includes grant received from the Government of Canada for New Horizons for Seniors. Income recognized in the amount of \$18,446 with \$6,554 deferred to 2016.
- (g) Includes grant received from Ontario Community for Senior programs. Income recognized in the amount of \$3,216 with \$3,184 deferred to 2016.
- (h) Includes grant received from Ontario Seniors' Secretariat for senior programs in 2015.
- (i) Includes grant received from the Ontario Seniors' Secretariat - EPC1 Special Grant in the amount of \$11,546 for the period of April 1, 2015 to March 31, 2016. Income recognized in the amount of \$7,698 with \$6,849 deferred to 2016.
- (j) Includes grant received from the Ontario Seniors' Secretariat - EPC2 Special Grant in the amount of \$11,547 for the period of April 1, 2015 to March 31, 2016. Income recognized in the amount of \$9,223 with \$6,783 deferred to 2016.
- (k) Includes grant received from Ontario Trillium Foundation. Income recognized in the amount of \$40,720 with \$3,862 deferred to 2016.
- (l) Includes funds received from the Geoffrey H. Wood Foundation in the amount of \$50,000 with \$40,000 deferred to 2016.
- (m) Includes funds received from the United Way Campaign Unrestricted Donations - George C. Hunt Family Foundation in the amount of \$149,988 with \$50,000 deferred to 2016.

SUNSHINE CENTRES FOR SENIORS

Notes to the Financial Statements

December 31, 2015

5. CONTINGENT LIABILITY

The organization is contingently liable for all or a portion of grants received should it not use the funds in accordance with the terms of the respective agreements. The amount of any such repayment is not currently anticipated or determinable.

6. CAPITAL RESERVES FUND

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 22,624	\$ 24,493
Less: Capital reserve expenditures - Golf cart parts	-	(1,869)
Balance, end of year	<u>\$ 22,624</u>	<u>\$ 22,624</u>

The Capital Reserves Fund is internally designated for specific purposes such as equipment purchases and for capital renovations and is spent only with the consent of the Board of Directors. No separate bank account has been set aside for this Fund.

7. CONTINGENCY FUND

	<u>2015</u>	<u>2014</u>
Balance, beginning and end of year	<u>\$ 65,422</u>	<u>\$ 65,422</u>

The Contingency Fund is an internally restricted fund and was established to finance unforeseen expenditures not included in the budget and/or outside of its normal course of business. No separate bank account has been set aside for this Fund.

8. LEAN YEAR FUND

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ -	\$ 13,213
Add: Amount transferred from Operating Fund	16,505	-
Less: Amount transferred to Operating Fund	-	(13,213)
Balance, end of year	<u>\$ 16,505</u>	<u>\$ -</u>

The Lean Year Fund is an internally restricted Fund. It was established to finance program expenditures when the annual revenue for the fiscal year is less than the organization's program expenses. The Board has set up this Fund to allow for bridging support for programs until long-term funding is obtained. This Fund expires in 2020, after which time, the monies can be used for general operating purposes as approved by the Board of Directors. For 2015, the Board approved the transfer of \$16,505 to the Lean Year Fund.

SUNSHINE CENTRES FOR SENIORS

Notes to the Financial Statements

December 31, 2015

9. OPERATING FUND

The Operating Fund accounts for the day-to-day operations of the organization. This Fund reports unrestricted resources.

10. LEASE COMMITMENT

The organization has a long-term lease commitment with respect to its premises. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at December 31, 2015 are as follows:

2016	\$ 7,600
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11. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

The organization does have a credit risk in accounts receivable \$231 (2014 \$1,250). Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization reduces its exposure to credit risk by closely monitoring delinquent accounts and ensuring deviations are pursued; creating an allowance for bad debts when applicable. In the opinion of the Directors, the credit risk exposure to the organization is low and is not material.

(b) Liquidity risk

The organization does have a liquidity risk in accounts payable \$10,305 (2014 \$8,125). Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization reduces its exposure to liquidity risk by: ensuring that it documents when authorized payments become due. In addition, the organization is exposed to liquidity risk in the event that investments must be sold quickly. The organization's investments are invested in securities that can be readily disposed of as liquidity needs arise. In the opinion of the Directors, the liquidity risk exposure to the organization is minimal.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. These are described more fully in the appropriate sections below.

SUNSHINE CENTRES FOR SENIORS

Notes to the Financial Statements

December 31, 2015

11. FINANCIAL INSTRUMENTS, continued

(d) Currency risk

The organization is not exposed to currency risk. Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

(e) Interest rate risk

The organization's exposure to interest rate risk is limited to its return on its investments. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization reduces its exposure to interest rate risk by regularly monitoring published interest rates of return which have been relatively stable over the period presented. The organization does not use derivative instruments to reduce its exposure to interest rate risk. In the opinion of the Directors, the interest rate risk to the organization is minimal.

(f) Other price risk

The organization is exposed to price risk. Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization reduces its exposure to price risk by: regularly monitoring published information regarding the market prices of its investments to ensure that they are appropriate in the market place given the inherent level of risk of which the investments are in. In the opinion of the Directors, the price risk exposure to the organization is minimal.
