

**HelpAge
Canada**

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Financial Statements
For the year ended March 31, 2015



HelpAge Canada / Aide aux Aînés (Canada)
Financial Statements
For the year ended March 31, 2015

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Independent Auditor's Report

To the Members of HelpAge Canada / Aide aux Aînés (Canada)

Report on the Financial Statements

We have audited the accompanying financial statements of HelpAge Canada / Aide aux Aînés (Canada) (the "organization") which comprise the statement of financial position as at March 31, 2015 and the statements of changes in net assets, operations 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

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 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.

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

Independent Auditor's Report (continued)

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives part of its revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. Our audit opinion on the financial statements for the year ended March 31, 2014 was also qualified because of the possible effects of this limitation in scope. Therefore we were not able to determine whether any adjustments might be necessary to these revenues and the excess or deficiency of revenue over expenses for the years ended March 31, 2015 and 2014, assets, liabilities as at March 31, 2015 and 2014 and fund balances at both the beginning and end of the March 31, 2015 and 2014 years.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion Paragraph, the financial statements present fairly, in all material respects, the financial position of HelpAge Canada / Aide aux Aînés (Canada) as at March 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.

Collins Barrow Ottawa LLP

Chartered Professional Accountants, Licensed Public Accountants

June 24, 2015

Ottawa, Ontario

HelpAge Canada / Aide aux Aînés (Canada)
Statement of Financial Position

2015

2014

Assets

Current

Cash	\$	127,261	\$	110,733
Accounts receivable		9,517		300
Prepaid expenses		10,017		8,068
Government rebates receivable		18,087		10,263

164,882 129,364

Investments (Note 1) 570,697 724,199

Restricted investments (Note 1) 78,619 78,619

Capital assets (Note 2) 4,830 6,442

\$ 819,028 \$ 938,624

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$	44,257	\$	29,460
Due to Caring organizations for Sponsor A Grandparent (Note 3)		147,221		128,005
Deferred project revenues (Note 4)		101,038		205,978

292,516 363,443

Net assets

Internally restricted for contingency reserve (Note 5)	68,619	68,619
Externally restricted for endowment purposes	10,000	10,000
Unrestricted reserve	447,893	496,562

526,512 575,181

\$ 819,028 \$ 938,624

On behalf of the Board:

 _____ Director

 _____ Director

HelpAge Canada / Aide aux Aînés (Canada)
Statement of Changes in Net Assets

For the year ended March 31

2015

2014

	Internally Restricted for Contingency Reserve	Externally Restricted for Endowment Purposes	Unrestricted Reserve	Total	Total
Balance , beginning of year	\$ 68,619	\$ 10,000	\$ 496,562	\$ 575,181	\$ 650,197
Deficiency of revenue over expenses for the year	-	-	(48,669)	(48,669)	(75,016)
Balance , end of year	\$ 68,619	\$ 10,000	\$ 447,893	\$ 526,512	\$ 575,181

HelpAge Canada / Aide aux Aînés (Canada) Statement of Operations

For the year ended March 31	2015	2014
Revenue		
Sponsor A Grandparent sponsorships (Note 3)	\$ 283,446	\$ 318,980
Canadian projects	32,592	108,954
Fundraising	167,029	189,699
International projects	98,791	83,881
Bequests	84,501	65,009
Other income	8,380	10,124
	674,739	776,647
Expenses		
Sponsor A Grandparent sponsorships	285,652	338,535
Canadian projects	113,039	181,702
International projects	155,838	152,683
Public awareness and education	52,805	60,251
	607,334	733,171
Administration and fundraising		
Administration	52,014	48,242
Fundraising	62,481	70,250
	114,495	118,492
	721,829	851,663
Deficiency of revenue over expenses for the year before other items	(47,090)	(75,016)
Gain (loss) on disposal of assets	(1,579)	-
Deficiency of revenue over expenses for the year	\$ (48,669)	\$ (75,016)
Percentages		
Administration expenses as a percentage of total revenues	7.7 %	6.2 %
Fundraising expenses as a percentage of total revenues	9.3 %	9.0 %

HelpAge Canada / Aide aux Aînés (Canada) Statement of Cash Flows

For the year ended March 31	2015	2014
Cash flows from operating activities		
Deficiency of revenue over expenses for the year	\$ (48,669)	\$ (75,016)
Adjustment for		
Unrealized gain on investments	(831)	-
Amortization - capital assets	2,447	3,211
Loss on disposal of tangible assets	1,579	-
	<u>(45,474)</u>	<u>(71,805)</u>
Changes in non-cash working capital items		
Decrease (increase) in accounts receivable	(9,217)	4,227
Decrease in prepaid expenses	(1,949)	(578)
Decrease (increase) in government remittances receivable	(7,824)	9,052
Increase in accounts payable and accrued liabilities	14,797	9,417
Increase (decrease) in due to caring organizations for Sponsor A Grandparent	19,216	(21,205)
Increase (decrease) in deferred project revenues	(104,940)	6,171
	<u>(135,391)</u>	<u>(64,721)</u>
Cash flows from investing activities		
Purchases of investments	(25,505)	(744,062)
Proceeds from the disposition of investments	179,838	110,000
Purchase of capital assets	(2,414)	(2,435)
	<u>151,919</u>	<u>(636,497)</u>
Increase (decrease) in cash during the year	16,528	(701,218)
Cash and cash equivalents, beginning of year	110,733	811,951
Cash and cash equivalents, end of year	\$ 127,261	\$ 110,733

HelpAge Canada / Aide aux Aînés (Canada) Summary of Significant Accounting Policies

March 31, 2015

Nature of Organization	HelpAge Canada / Aide aux Aînés (Canada) (the "organization") is a non-denominational, non profit international development organization engaged in meeting the need of older people in Canada and in the developing world.
Not-For-Profit and Charitable Status	The organization, which was previously administered by a trust, was incorporated as a Canadian corporation without share capital on July 16, 1984 and is a registered charitable organization for income tax purposes. The organization continued under the Canada Not-for-Profit Corporations Act effective August 26, 2014.
Basis of Presentation	These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations which are part of Canadian generally accepted accounting principles and include the following significant accounting policies.
Financial Statements	These financial statements include the assets, liabilities, revenues and expenses of the organization and all programs under the control of the organization's board of directors.
Use of Estimates	<p>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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and as adjustments become necessary, they are reported in the periods in which they become known.</p> <p>Significant estimates include assumptions used in estimating the measurement and collectibility of accounts receivable, in estimating the fair value of financial instruments, in establishing the useful lives and related amortization of capital assets , in estimating provisions for accrued liabilities, and in estimating the portion of government grants earned.</p>
Financial Instruments	<p>Financial instruments are financial assets or liabilities of the organization where, in general, the organization has the right to receive cash or another financial asset from another party or the organization has the obligation to pay another party cash or other financial assets.</p> <p><u>Measurement of financial instruments</u></p> <p>The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions, if any.</p> <p>The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.</p>

HelpAge Canada / Aide aux Aînés (Canada) Summary of Significant Accounting Policies

March 31, 2015

Financial Instruments
(continued)

Financial assets measured at amortized cost include cash, investments accounts receivable and government remittances receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities. Financial assets measured at fair value include investments.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

Transaction costs

The organization recognizes its transaction costs in operations in the period incurred. However, the financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

**Cash and Cash
Equivalents**

For purposes of the organization's statement of cash flows, cash held in the Foundation's investment portfolio set out in Note 1 to these financial statements is excluded from cash and forms part of the investing activities of the organization.

Capital Assets

Capital assets includes both tangible and intangible assets. Intangible assets consist of computer software. They are recorded at cost and amortized over their estimated useful lives as follows:

Office equipment	20%	diminishing balance basis
Computer hardware	30%	diminishing balance basis
Computer software	100%	diminishing balance basis

When a tangible or intangible capital asset no longer has any long-term potential to the organization, the write-down being the excess of its net carrying amount over any residual value is recognized as an expense in the statements of operations. A write-down is not reversed.

Revenue Recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Restricted endowments are recognized as direct increases in net assets.

HelpAge Canada / Aide aux Aînés (Canada) Summary of Significant Accounting Policies

March 31, 2015

**Contributed Goods
and Services**

Volunteers contribute an indeterminable number of hours per year to assist the organization in carrying out its activities. Because of the difficulty in determining their fair value and the extent of staff time required to gather and calculate the fair value, contributed services are not recognized in the financial statements. Donations in kind require a large amount of space in order to store these types of items and due to space restrictions the organization does not accept this type of donation.

Allocation of Expenses

The organization engages in sponsorship, education and fundraising programs, as well as both domestic and international projects. The costs of each program or project 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.

The organization allocates certain of its general support expenses by identifying the appropriate basis of allocating each component expense and applies that basis consistently each year. Expenses are allocated on the following bases:

Administrative salaries - proportionately according to time spent on the administration of each program.

Amortization - proportionately according to the number of work stations used for each program.

General administrative expenses - proportionately according to estimated usage of underlying services.

HelpAge Canada / Aide aux Aînés (Canada) Notes to Financial Statements

March 31, 2015

1. Investments

	2015	2014
Cash, at amortized cost	\$ 7,838	\$ -
Mutual funds, at fair value	639,962	802,818
Stocks, at fair value	1,516	-
	649,316	802,818
Less: Restricted investments	78,619	78,619
	\$ 570,697	\$ 724,199

Investments had an average yield of 1.08% (2014 - 1.92%) during the year.

2. Capital Assets

	2015			2014		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Office equipment	\$ 1,640	\$ 779	\$ 861	\$ 46,903	\$ 45,628	\$ 1,275
Computer hardware	9,001	5,032	3,969	41,677	36,510	5,167
Computer software	1,928	1,928	-	33,030	33,030	-
	\$ 12,569	\$ 7,739	\$ 4,830	\$ 121,610	\$ 115,168	\$ 6,442

During the year, the organization acquired tangible capital assets totaling \$1,884 (2014 - \$1,757) and intangible capital assets \$530 (2014 - \$678). During the year, the organization disposed of tangible capital assets totaling \$79,823 (2014 - \$nil), which had a corresponding loss on disposal of \$1,579. The organization also disposed of fully amortized intangible capital assets totaling \$31,632 during the year (2014 - \$nil).

Amortization expense for the year is \$2,447 (2014 - \$3,211) and is included in administration expense on the statement of operations.

3. Due to Caring Organizations for Sponsor A Grandparent

	2015	2014
Deferred revenues, beginning of years	\$ 128,005	\$ 149,210
Less: Amounts recognized as revenue in the years	(283,446)	(318,980)
Add: Funds received during the year for the program	302,662	297,775
Deferred revenues, end of years	\$ 147,221	\$ 128,005

HelpAge Canada / Aide aux Aînés (Canada) Notes to Financial Statements

March 31, 2015

4. Deferred Project Revenues

	<u>2015</u>	<u>2014</u>
Deferred revenues, beginning of years	\$ 205,978	\$ 199,807
Less: Amounts recognized as revenue in the years	(119,094)	(152,712)
Add: Funds received during the year for the projects	29,145	158,883
Less: Unspent funds payable to funder	(14,991)	-
	<hr/>	<hr/>
Deferred revenues, end of years	\$ 101,038	\$ 205,978

Project funds received but unexpended at the end of the project are sometimes required to be repaid. As at March 31, 2015, the organization owes unspent funds of \$14,991 back to the funders. This balance is included in accounts payable and accrued liabilities on the statement of financial position.

5. Internally Restricted For Contingency Reserve

Funds were appropriated by the Board of Directors in 1996 to provide for various corporate contingencies. As the need arises the Board will elect to transfer funds from the unrestricted fund to the contingency reserve. No funds were transferred in 2015.

6. Government Grants

Grants received from Government departments may be subject to audit under the terms and conditions of the contribution agreements. Should an audit reveal that any of the expenses on a project are not in accordance with funding guidelines, the funder may require the organization to reimburse a portion of the funds advanced. No claim for reimbursement has been made to date and management is of the opinion that the amount of any possible claim cannot be anticipated at this time. No provision for reimbursement of funds has been made in the financial statements. In the event any sum has to be reimbursed, it will be treated as an expense in the year of reimbursement.

HelpAge Canada / Aide aux Aînés (Canada) Notes to Financial Statements

March 31, 2015

7. Commitments

The organization has a lease commitment for office space that expires on November 30, 2015. Subsequent to year-end the organization signed a one year extension in relation to the above mentioned lease. Minimum lease payments under this commitment over the two years is as follows:

2016	\$	27,200
2017		18,400
		45,600
	\$	45,600

8. Allocation of Expenses

	2015			2014	
	General Admin	Admin Salaries	Amorti- zation	Total	Total
Sponsor A Grandparent sponsorships	\$ 20,424	\$ 40,414	\$ 612	\$ 61,450	\$ 73,838
Canadian projects	16,439	30,310	489	47,238	58,253
Fundraising	11,140	40,414	245	51,799	68,427
International projects	23,075	30,310	489	53,874	68,530
Public awareness and education	16,345	30,310	367	47,022	60,251
	\$ 87,423	\$ 171,758	\$ 2,202	\$ 261,383	\$ 329,299

9. Financial Instruments Risks and Uncertainties

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations as at March 31, 2015.

Credit risk

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's main credit risk relate to its accounts receivable.

Liquidity risk

Liquidity risk relates to the risk that the organization will encounter difficulty in meeting its obligations associated with its financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, its ability to provide the activities related to its deferred revenue and to meet its potential financial commitments set out in Note 7 to these financial statements.

HelpAge Canada / Aide aux Aînés (Canada) Notes to Financial Statements

March 31, 2015

9. **Financial Instruments Risks and Uncertainties** (continued)

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.

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. The organization's revenue and expenses as well as its financial instruments are in Canadian currency. Consequently, the organization is not exposed to foreign exchange fluctuations.

Interest rate risk

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. Given the current composition of the organization's investments includes no fixed rate instruments, as set out in Note 1 to these financial statements, the organization is not subject to interest rate risk.

Other price risk

Other 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 currency risk or interest rate 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 is exposed to other price risk with respect to the investments in mutual funds and stocks.

Change in risk

There have been no significant changes in the organization's risk exposures from the 2014 fiscal year.

10. **Corresponding Amounts**

In certain instances the presented 2014 fiscal period corresponding amounts and disclosures have been reclassified to conform with the financial statement presentation and disclosures adopted for the 2015 fiscal year.
