

**HelpAge
Canada**

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Financial Statements

For the year ended March 31, 2017



HelpAge Canada / Aide aux Aînés (Canada)
Financial Statements
For the year ended March 31, 2017

Contents

Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Summary of Significant Accounting Policies	7
Notes to Financial Statements	10

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, 2017 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, 2016 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, 2017 and 2016, assets, liabilities as at March 31, 2017 and 2016 and fund balances at both the beginning and end of the March 31, 2017 and 2016 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, 2017, 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
May 18, 2017
Ottawa, Ontario

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

2017

2016

Assets

Current

Cash	\$	115,155	\$	60,072
Accounts receivable		42		94,655
Government rebates receivable		5,934		26,562
Prepaid expenses		6,940		7,317
		128,071		188,606

Investments (Note 1)

429,548 485,556

Restricted investments (Note 1)

78,619 78,619

Capital assets (Note 2)

4,270 5,816

\$ 640,508 \$ 758,597

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$	17,180	\$	25,099
Due to Caring organizations for Sponsor A Grandparent (Note 3)		154,722		150,736
Deferred project revenues (Note 4)		30,607		42,056
		202,509		217,891

Net assets

Internally restricted for contingency reserve (Note 5)	68,619	68,619
Externally restricted for endowment purposes	10,000	10,000
Unrestricted reserve	359,380	462,087
	437,999	540,706

\$ 640,508 \$ 758,597

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

2017

2016

	Internally Restricted for Contingency Reserve	Externally Restricted for Endowment Purposes	Unrestricted Reserve	Total	Total
Balance , beginning of year	\$ 68,619	\$ 10,000	\$ 462,087	\$ 540,706	\$ 526,512
Excess (deficiency) of revenue over expenses for the year	-	-	(102,707)	(102,707)	14,194
Balance , end of year	\$ 68,619	\$ 10,000	\$ 359,380	\$ 437,999	\$ 540,706

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

For the year ended March 31 2017 2016

Revenue

Sponsor A Grandparent sponsorships (Note 3)	\$ 276,694	\$ 267,252
Canadian projects	18,873	54,171
Fundraising	134,660	147,452
International projects	42,112	60,608
Bequests	39,702	149,810
Other income	4,652	7,528
	516,693	686,821

Expenses

Sponsor A Grandparent sponsorships	290,381	283,197
Canadian projects	104,809	125,431
International projects	58,499	111,592
Public awareness and education	38,252	49,410
	491,941	569,630

Administration and fundraising

Administration	109,317	48,310
Fundraising	18,142	54,687

	127,459	102,997
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	619,400	672,627
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Excess (deficiency) of revenue over expenses for the year	\$ (102,707)	\$ 14,194
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Percentages

Administration expenses as a percentage of total revenues	21.2 %	7.0 %
Fundraising expenses as a percentage of total revenues	3.5 %	8.0 %

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

For the year ended March 31	2017	2016
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ (102,707)	\$ 14,194
Adjustment for		
Unrealized gain on investments	92	420
Amortization - capital assets	2,184	4,206
	<u>(100,431)</u>	18,820
Changes in non-cash working capital items		
Increase in accounts receivable	94,613	(85,138)
Decrease in prepaid expenses	377	2,700
Increase (decrease) in government remittances receivable	20,628	(8,475)
Increase in accounts payable and accrued liabilities	(7,919)	(19,158)
Increase in due to caring organizations for Sponsor A Grandparent	3,986	3,515
Decrease in deferred project revenues	(11,449)	(58,982)
	<u>(195)</u>	<u>(146,718)</u>
Cash flows from investing activities		
Purchases of investments	(4,050)	(14,593)
Proceeds from the disposition of investments	59,966	99,314
Purchase of capital assets	(638)	(5,192)
	<u>55,278</u>	<u>79,529</u>
Increase (decrease) in cash during the year	55,083	(67,189)
Cash and cash equivalents, beginning of year	60,072	127,261
Cash and cash equivalents, end of year	\$ 115,155	\$ 60,072

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

March 31, 2017

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, and in estimating provisions for accrued liabilities.</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, 2017

Financial Instruments
(continued)

Financial assets and liabilities measured at amortized cost include cash, accounts receivable, government remittances receivable, 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, any cash held from time to time in the organization'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. Tangible capital assets consist of office equipment and computer hardware.. 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, 2017

**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, 2017

1. Investments

	2017	2016
Mutual funds, at fair value	\$ 508,167	\$ 564,175
Less: Restricted investments	78,619	78,619
	\$ 429,548	\$ 485,556

Investments had an average yield of 0.76% (2016 - 0.80%) during the year.

2. Capital Assets

	2017			2016		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Office equipment	\$ 3,079	\$ 1,492	\$ 1,587	\$ 3,079	\$ 1,095	\$ 1,984
Computer hardware	10,241	7,558	2,683	10,241	6,409	3,832
Computer software	3,496	3,496	-	4,441	4,441	-
	\$ 16,816	\$ 12,546	\$ 4,270	\$ 17,761	\$ 11,945	\$ 5,816

During the year, no tangible capital assets were acquired by the organization (2016 - \$2,679). Intangible capital assets of \$638 (2016 - \$2,513) were acquired during the year. During the year, the organization disposed of fully amortized intangible capital assets of \$1,583 (2016 - none). The organization did not dispose of any tangible capital assets in the year.

Amortization expense for the year is \$2,184 (2016 - \$4,206) and is included in administration expense on the statement of operations.

3. Due to Caring Organizations for Sponsor A Grandparent

	2017	2016
Deferred revenues, beginning of year	\$ 150,736	\$ 147,221
Less: Amounts recognized as revenue in the year	(276,694)	(267,252)
Add: Funds received during the year for the program	280,680	270,767
Deferred revenues, end of year	\$ 154,722	\$ 150,736

HelpAge Canada / Aide aux Aînés (Canada)

Notes to Financial Statements

March 31, 2017

4. Deferred Canadian and International Project Revenues

	2017	2016
Deferred revenues, beginning of year	\$ 42,056	\$ 101,038
Less: Amounts recognized as revenue in the year	(60,985)	(115,228)
Add: Funds received during the year for the projects	49,536	56,246
Deferred revenues, end of year	\$ 30,607	\$ 42,056

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 2016.

6. Commitments

The organization has a lease commitment for office space that expires on November 30, 2017. The organization is committed to make minimum payments of \$18,560 over the next fiscal year with respect to its premises until the lease expires.

7. Allocation of Expenses

	2017			2016	
	General Admin	Admin Salaries	Amorti- zation	Total	Total
Sponsor A Grandparent sponsorships	\$ 21,064	\$ 44,660	\$ 546	\$ 66,270	\$ 59,819
Canadian projects	28,669	48,720	546	77,935	46,983
Fundraising	7,281	10,150	109	17,540	50,612
International projects	8,456	6,090	328	14,874	48,269
Public awareness and education	10,251	16,240	218	26,709	46,694
	\$ 75,721	\$ 125,860	\$ 1,747	\$ 203,328	\$ 252,377

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

March 31, 2017

8. 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, 2017.

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 relates to its accounts receivable, and government rebates 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 6 to these financial statements.

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, as set out in Note 1 to these financial statements.

Change in risk

There have been no significant changes in the organization's risk exposures from the 2016 fiscal year.
