

**HelpAge  
Canada**

*age helps*

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**Financial Statements**  
For the year ended March 31, 2018



**HelpAge Canada / Aide aux Aînés (Canada)**  
**Financial Statements**  
For the year ended March 31, 2018

**Contents**

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## Independent Auditor's Report

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**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, 2018 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.

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## Independent Auditor's Report (continued)

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### 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, 2017 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, 2018 and 2017, assets, liabilities as at March 31, 2018 and 2017 and fund balances at both the beginning and end of the March 31, 2018 and 2017 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, 2018, 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 9, 2018  
Ottawa, Ontario

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

2018

2017

**Assets**

**Current**

Cash	\$ 200,348	\$ 115,155	
Accounts receivable	36,201	42	
Government rebates receivable	5,927	5,934	
Prepaid expenses	6,775	6,940	
	249,251	128,071	

**Investments** (Note 1)

324,497      429,548

**Restricted investments** (Note 1)

78,619      78,619

**Capital assets** (Note 2)

3,148      4,270

**\$ 655,515      \$ 640,508**

**Liabilities and Net Assets**

**Current**

Accounts payable and accrued liabilities	\$ 18,755	\$ 17,180	
Due to Caring organizations for Sponsor A Grandparent (Note 3)	143,215	154,722	
Deferred project revenues (Note 4)	26,859	30,607	
	188,829	202,509	

**Net assets**

Internally restricted for contingency reserve (Note 5)	68,619	68,619	
Externally restricted for endowment purposes	10,000	10,000	
Unrestricted reserve	388,067	359,380	
	466,686	437,999	

**\$ 655,515      \$ 640,508**

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**

**2018**

**2017**

	<b>Internally Restricted for Contingency Reserve</b>	<b>Externally Restricted for Endowment Purposes</b>	<b>Unrestricted Reserve</b>	<b>Total</b>	<b>Total</b>
<b>Balance</b> , beginning of year	\$ 68,619	\$ 10,000	\$ 359,380	\$ 437,999	\$ 540,706
<b>Excess (deficiency) of revenue over expenses for the year</b>	-	-	28,687	28,687	(102,707)
<b>Balance</b> , end of year	\$ 68,619	\$ 10,000	\$ 388,067	\$ 466,686	\$ 437,999

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

<b>For the year ended March 31</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>		
Sponsor A Grandparent sponsorships (Note 3)	\$ 272,810	\$ 276,694
Canadian projects	9,687	18,873
Fundraising	146,222	134,660
International projects	-	42,112
Bequests	171,169	39,702
Other income	4,021	4,652
	<b>603,909</b>	<b>516,693</b>
<b>Expenses</b>		
Sponsor A Grandparent sponsorships	294,974	290,381
Canadian projects	60,560	104,809
International projects	44,343	58,499
Public awareness and education	34,444	38,252
	<b>434,321</b>	<b>491,941</b>
Administration and fundraising		
Administration	99,927	109,317
Fundraising	40,974	18,142
	<b>140,901</b>	<b>127,459</b>
	<b>575,222</b>	<b>619,400</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>\$ 28,687</b>	<b>\$ (102,707)</b>
<b>Percentages</b>		
Administration expenses as a percentage of total revenues	16.5 %	21.2 %
Fundraising expenses as a percentage of total revenues	6.8 %	3.5 %

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

<b>For the year ended March 31</b>	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	\$ 28,687	\$ (102,707)
Adjustment for		
Unrealized gain on investments	242	92
Amortization - capital assets	1,548	2,184
Donated shares	(10,928)	-
	<b>19,549</b>	<b>(100,431)</b>
Changes in non-cash working capital items		
Increase in accounts receivable	(36,159)	94,613
Decrease in prepaid expenses	165	377
Increase (decrease) in government remittances receivable	7	20,628
Increase in accounts payable and accrued liabilities	1,575	(7,919)
Increase in due to caring organizations for Sponsor A Grandparent	(11,507)	3,986
Decrease in deferred project revenues	(3,748)	(11,449)
	<b>(30,118)</b>	<b>(195)</b>
<b>Cash flows from investing activities</b>		
Purchases of investments	(4,263)	(4,050)
Proceeds from the disposition of investments	120,000	59,966
Purchase of capital assets	(426)	(638)
	<b>115,311</b>	<b>55,278</b>
<b>Increase in cash during the year</b>	<b>85,193</b>	<b>55,083</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>115,155</b>	<b>60,072</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 200,348</b>	<b>\$ 115,155</b>

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

**March 31, 2018**

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<b>Nature of Organization</b>	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.
<b>Not-For-Profit and Charitable Status</b>	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.
<b>Basis of Presentation</b>	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.
<b>Financial Statements</b>	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.
<b>Use of Estimates</b>	<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>
<b>Financial Instruments</b>	<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>

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

**March 31, 2018**

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**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.

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

**March 31, 2018**

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**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.

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

**March 31, 2018**

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**1. Investments**

	2018	2017
Cash, at amortized cost	\$ 90	\$ -
Mutual funds, at fair value	392,059	508,167
Stocks, at fair value	10,967	-
	403,116	508,167
Less: Restricted investments	78,619	78,619
	\$ 324,497	\$ 429,548

Investments had an average yield of 0.94% (2017 - 0.76%) during the year.

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**2. Capital Assets**

	2018			2017		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Office equipment	\$ 3,079	\$ 1,809	\$ 1,270	\$ 3,079	\$ 1,492	\$ 1,587
Computer hardware	10,241	8,363	1,878	10,241	7,558	2,683
Computer software	3,284	3,284	-	3,496	3,496	-
	\$ 16,604	\$ 13,456	\$ 3,148	\$ 16,816	\$ 12,546	\$ 4,270

During the year, no tangible capital assets were acquired by the organization. Intangible capital assets of \$426 (2017 - \$638) were acquired during the year. During the year, the organization disposed of fully amortized intangible capital assets of \$638 (2017 - \$1,583). The organization did not dispose of any tangible capital assets in the year.

Amortization expense for the year is \$1,548 (2017 - \$2,184) and is included in various expense categories in the statement of operations as set out in Note 7 to these financial statements, with the balance included in administrative expenses.

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## HelpAge Canada / Aide aux Aînés (Canada)

### Notes to Financial Statements

**March 31, 2018**

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**3. Due to Caring Organizations for Sponsor A Grandparent**

	2018	2017
Deferred revenues, beginning of year	\$ 154,722	\$ 150,736
Less: Amounts recognized as revenue in the year	(272,810)	(276,694)
Add: Funds received during the year for the program	257,548	280,680
Transfer from International Project funding (Note 4)	3,755	-
Deferred revenues, end of year	\$ 143,215	\$ 154,722

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**4. Deferred Canadian and International Project Revenues**

	2018	2017
Deferred revenues, beginning of year	\$ 30,607	\$ 42,056
Less: Amounts recognized as revenue in the year	(9,687)	(60,985)
Add: Funds received during the year for the projects	9,694	49,536
Transfer to Sponsor A Grandparent program (Note 3)	(3,755)	-
Deferred revenues, end of year	\$ 26,859	\$ 30,607

During the year, it was noted that \$3,755 held in one of the deferred international project revenue balances was actually externally restricted to the organization's sponsor A Grandparent program. The \$3,755 was therefore transferred to the Due to Caring Organizations balance as set out in Note 3 to the financial statements.

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**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 2018.

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**6. Commitments**

The organization has a lease commitment for office space that expires on November 30, 2018. The organization is committed to make minimum payments of \$18,720 over the next fiscal year with respect to its premises until the lease expires.

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

**March 31, 2018**

### 7. Allocation of Expenses

	2018			2017	
	General Admin	Admin Salaries	Amorti- zation	Total	Total
Sponsor A Grandparent sponsorships	\$ 21,795	\$ 45,615	\$ 387	\$ 67,797	\$ 66,270
Canadian projects	12,788	26,954	232	39,974	77,935
Fundraising	11,791	29,028	155	40,974	17,540
International projects	9,069	12,440	232	21,741	14,874
Public awareness and education	11,482	22,807	155	34,444	26,709
	<b>\$ 66,925</b>	<b>\$ 136,844</b>	<b>\$ 1,161</b>	<b>\$ 204,930</b>	<b>\$ 203,328</b>

### 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, 2018.

#### 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.

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

**March 31, 2018**

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

*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, 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 2017 fiscal year.

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