



Financial Statements

For the year ended March 31, 2019

HelpAge Canada / Aide aux Aînés (Canada)
Financial Statements
For the year ended March 31, 2019

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Independent Auditor's Report

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

Qualified Opinion

We have audited the financial statements of HelpAge Canada / Aide aux Aînés (Canada) (the "organization") which comprise the statement of financial position as at March 31, 2019, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

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, 2018 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, 2019 and 2018, assets, liabilities as at March 31, 2019 and 2018 and fund balances at both the beginning and end of the March 31, 2019 and 2018 years.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independent Auditor's Report (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Baker Tilly Ottawa LLP

Chartered Professional Accountants, Licensed Public Accountants
July 9, 2019
Ottawa, Ontario

HelpAge Canada / Aide aux Aînés (Canada)

Statement of Financial Position

March 31 2019 2018

Assets

Current

Cash	\$ 175,063	\$ 200,348
Accounts receivable	-	36,201
Government rebates receivable	6,127	5,927
Prepaid expenses	10,051	6,775

191,241 249,251

Investments (Note 1) 330,060 324,497

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

Capital assets (Note 2) 3,550 3,148

\$ 603,470 \$ 655,515

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 17,596	\$ 18,755
Due to Caring organizations for Sponsor A Grandparent (Note 3)	112,203	143,215
Deferred project revenues (Note 4)	24,201	26,859

154,000 188,829

Net assets

Internally restricted for contingency reserve (Note 5)	68,619	68,619
Externally restricted for endowment purposes	10,000	10,000
Unrestricted reserve	370,851	388,067

449,470 466,686

\$ 603,470 \$ 655,515

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

2019

2018

	Internally Restricted for Contingency Reserve	Externally Restricted for Endowment Purposes	Unrestricted Reserve	Total	Total
Balance , beginning of year	\$ 68,619	\$ 10,000	\$ 388,067	\$ 466,686	\$ 437,999
Excess (deficiency) of revenue over expenses for the year	-	-	(17,216)	(17,216)	28,687
Balance , end of year	\$ 68,619	\$ 10,000	\$ 370,851	\$ 449,470	\$ 466,686

HelpAge Canada / Aide aux Aînés (Canada)

Statement of Operations

For the year ended March 31	2019	2018
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Revenue

Sponsor A Grandparent sponsorships (Note 3)	\$ 284,977	\$ 272,810
Canadian projects	8,473	9,687
Fundraising	140,038	146,222
International projects	10,974	-
Bequests	137,373	171,169
Other income	5,563	4,021
	587,398	603,909

Expenses

Sponsor A Grandparent sponsorships	321,013	294,974
Canadian projects	48,481	60,560
International projects	49,523	44,343
Public awareness and education	52,407	34,444
	471,424	434,321

Administration and fundraising

Administration	102,242	99,927
Fundraising	30,948	40,974
	133,190	140,901

	604,614	575,222
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Excess (deficiency) of revenue over expenses for the year	\$ (17,216)	\$ 28,687
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Percentages

Administration expenses as a percentage of total revenues	17.4 %	16.5 %
Fundraising expenses as a percentage of total revenues	5.3 %	6.8 %

HelpAge Canada / Aide aux Aînés (Canada)

Statement of Cash Flows

For the year ended March 31	2019	2018
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ (17,216)	\$ 28,687
Adjustment for		
Unrealized gain on investments	320	242
Amortization - capital assets	1,032	1,548
Donated shares	-	(10,928)
	<u>(15,864)</u>	19,549
Changes in non-cash working capital items		
Accounts receivable	36,201	(36,159)
Prepaid expenses	(3,276)	165
Government remittances receivable	(200)	7
Accounts payable and accrued liabilities	(1,159)	1,575
Due to caring organizations for		
Sponsor A Grandparent	(31,012)	(11,507)
Deferred project revenues	(2,658)	(3,748)
	<u>(17,968)</u>	(30,118)
Cash flows from investing activities		
Purchases of investments	(5,883)	(4,263)
Proceeds from the disposition of investments	-	120,000
Purchase of capital assets	(1,434)	(426)
	<u>(7,317)</u>	115,311
Increase (decrease) in cash during the year	(25,285)	85,193
Cash and cash equivalents, beginning of year	200,348	115,155
Cash and cash equivalents, end of year	\$ 175,063	\$ 200,348

HelpAge Canada / Aide aux Aînés (Canada)

Summary of Significant Accounting Policies

March 31, 2019

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 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, 2019

Financial Instruments
(continued)

Financial assets and liabilities measured at amortized cost include cash, 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.

Website costs are charged to operations as an expense in the fiscal period of acquisition.

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, 2019

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, 2019

1. Investments

	2019	2018
Cash, at amortized cost	\$ 492	\$ 90
Mutual funds, at fair value	397,309	392,059
Stocks, at fair value	10,878	10,967
	408,679	403,116
Less: Restricted investments	78,619	78,619
	\$ 330,060	\$ 324,497

Investments had an average yield of 1.45% (2018 - 0.94%) during the year.

2. Capital Assets

	2019			2018		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Office equipment	\$ 3,079	\$ 2,063	\$ 1,016	\$ 3,079	\$ 1,809	\$ 1,270
Computer hardware	11,675	9,141	2,534	10,241	8,363	1,878
Computer software	3,284	3,284	-	3,284	3,284	-
	\$ 18,038	\$ 14,488	\$ 3,550	\$ 16,604	\$ 13,456	\$ 3,148

During the year, \$1,434 (2018 - \$nil) of tangible capital assets were acquired by the organization. Intangible capital assets of \$nil (2018 - \$426) were acquired during the year. The organization did not dispose of any capital assets in the year (2018 - the organization disposed of fully amortized intangible capital assets of \$637).

Amortization expense for the year is \$1,032 (2018 - \$1,548) 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.

HelpAge Canada / Aide aux Aînés (Canada)

Notes to Financial Statements

March 31, 2019

3. Due to Caring Organizations for Sponsor A Grandparent

	2019	2018
Deferred revenues, beginning of year	\$ 143,215	\$ 154,722
Less: Amounts recognized as revenue in the year	(284,977)	(272,810)
Add: Funds received during the year for the program	253,965	257,548
Transfer from International Project funding (Note 4)	-	3,755
	<hr/>	<hr/>
Deferred revenues, end of year	\$ 112,203	\$ 143,215

4. Deferred Canadian and International Project Revenues

	2019	2018
Deferred revenues, beginning of year	\$ 26,859	\$ 30,607
Less: Amounts recognized as revenue in the year	(19,447)	(9,687)
Add: Funds received during the year for the projects	16,789	9,694
Transfer to Sponsor A Grandparent program (Note 3)	-	(3,755)
	<hr/>	<hr/>
Deferred revenues, end of year	\$ 24,201	\$ 26,859

In the prior 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.

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 2019.

HelpAge Canada / Aide aux Aînés (Canada)

Notes to Financial Statements

March 31, 2019

6. Commitments

Consulting

The organization has entered into an agreement for consultancy services from December 14, 2018 to December 14, 2019, which cannot be terminated before this date. The total amount committed for the 2020 fiscal year is \$3,400 plus applicable taxes.

Office Premises

The organization has a lease commitment for office space that expires on November 30, 2020. Minimum lease payments, excluding applicable taxes, under this commitment over the term of the agreement are as follows:

2020	\$	28,200
2021		18,800
	\$	<u>47,000</u>

7. Allocation of Expenses

	2019			2018	
	General Admin	Admin Salaries	Amorti- zation	Total	Total
Sponsor A Grandparent sponsorships	\$ 24,791	\$ 47,303	\$ 258	\$ 72,352	\$ 67,797
Canadian projects	13,670	25,802	155	39,627	39,974
Fundraising	11,494	19,351	103	30,948	40,974
International projects	11,191	17,201	155	28,547	21,741
Public awareness and education	15,751	36,552	103	52,406	34,444
	<u>\$ 76,897</u>	<u>\$ 146,209</u>	<u>\$ 774</u>	<u>\$ 223,880</u>	<u>\$ 204,930</u>

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, 2019.

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 government rebates receivable.

HelpAge Canada / Aide aux Aînés (Canada)

Notes to Financial Statements

March 31, 2019

8. Financial Instruments Risks and Uncertainties (continued)

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. Substantially all of the organization's revenue and expenses as well as its financial instruments are in Canadian currency. Consequently, the organization is not significantly 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, 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 2018 fiscal year.
