Seniors Association of Greater Edmonton

Financial Statements

December 31, 2014

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Management Responsibility Statement

The management of Seniors Association of Greater Edmonton ("SAGE" or "the Association") is responsible for preparing the financial statements, the notes to the financial statements and other financial information contained in this annual report.

Management prepares the financial statements in accordance with Canadian accounting standards for not-for-profit organizations. The financial statements are considered by management to present fairly the management's financial position and results of operations.

The Association, in fulfilling its responsibilities, has developed and maintains a system of internal accounting controls designed to provide reasonable assurance that the Association's assets are safeguarded from loss or unauthorized use, and that the records are reliable for preparing the financial statements.

The financial statements have been reported on by Crowe MacKay LLP, Chartered Accountants, the Association's auditors. Their report outlines the scope of their examination and their opinion on the financial statements.

Executive Director

Treasurer

February 25, 2015

Crowe MacKay

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Independent Auditors' Report

To the Members of Seniors Association of Greater Edmonton

We have audited the accompanying financial statements of Seniors Association of Greater Edmonton, which comprise the statement of financial position as at December 31, 2014, and the statements of operations, changes in net assets 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.

Auditors' 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 auditors' 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 auditors consider internal control relevant to the Association'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 Association'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 for our qualified audit opinion.

Basis for Qualified Opinion
In common with many not-for-profit organizations, the Seniors Association of Greater Edmonton derives revenue from donations and fundraising the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Seniors Association of Greater Edmonton . Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2014 and 2013, current assets and net assets as at December 31, 2014 and 2013.

Qualified Opinion
In our opinion, except for the possible 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 Seniors Association of Greater Edmonton as at December 31, 2014 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.

Crowe MacKay LLP
Chartered Accountants

Edmonton, Canada
February 25, 2015

Seniors Association of Greater Edmonton

Statement of Operations

For the year ended December 31,	2014	2013
Revenues		
Municipal funding	**$ 701,847**	$ 701,056
Provincial funding	**619,358**	566,363
Self-generated revenue	**570,323**	595,002
Foundations	**161,051**	92,387
Fundraising	**121,855**	155,849
United Way	**95,000**	95,000
Donations	**67,650**	79,497
Federal funding	**26,103**	12,051
Investment income (loss) (note 10)	**18,756**	(428)
	2,381,943	2,296,777
Expenditures		
Wages and benefits	**1,268,665**	1,272,427
Program expenses	**697,410**	571,164
Occupancy	**156,892**	152,829
Office operation	**148,124**	154,835
Board and staff costs	**73,673**	52,409
Amortization	**71,079**	54,791
Professional fees	**20,944**	19,833
Volunteer costs	**15,892**	13,959
Fundraising events expenses	**11,930**	18,602
Advertising	**9,398**	14,986
Interest and bank charges	**5,732**	5,383
	2,479,739	2,331,218
Deficiency of revenues over expenditures before other item	**(97,796)**	(34,441)
Change in unrealized gain on portfolio investments (note 5)	**17,677**	30,271
Deficiency of revenues over expenditures	**$ (80,119)**	$ (4,170)

Seniors Association of Greater Edmonton

Statement of Changes in Net Assets

For the year ended December 31,

2014

	Total	**Unrestricted**	**Invested in Capital Assets**	**Contingency Fund**	**Investment Fund**
Balance, beginning of year	**$ 377,117**	$ (124,980)	$ 42,675	$ 113,201	$ 346,221
Excess (deficiency) of revenues over expenditures	**(80,119)**	(98,185)	(11,236)	1,019	28,283
Capital assets acquired	-	(13,541)	13,541	-	-
Transfer to unrestricted	-	21,000	-	-	(21,000)
Balance, end of year	**$ 296,998**	$ (215,706)	$ 44,980	$ 114,220	$ 353,504

2013

	Total	Unrestricted	Invested in Capital Assets	Contingency Fund	Investment Fund
Balance, beginning of year	$ 381,287	$ (132,108)	$ 49,863	$ 112,132	$ 351,400
Excess (deficiency) of revenues over expenditures	(4,170)	(16,192)	(10,368)	1,069	21,321
Capital assets acquired	-	(3,180)	3,180	-	-
Transfer to unrestricted	-	26,500	-	-	(26,500)
Balance, end of year	$ 377,117	$ (124,980)	$ 42,675	$ 113,201	$ 346,221

Seniors Association of Greater Edmonton

Statement of Financial Position

December 31,	2014	2013
Assets		
Current		
Cash and short-term investments (note 3)	$ 391,367	$ 294,092
Accounts receivable (note 4)	128,405	130,428
Inventory	8,950	11,825
Prepaid expenses	25,804	33,830
	554,526	470,175
Long-term portfolio investments (note 5)	467,724	459,422
Property and equipment (note 6)	413,539	305,785
	$ 1,435,789	$ 1,235,382
Liabilities		
Current		
Accounts payable and accrued liabilities (note 7)	$ 291,455	$ 122,105
Deferred contributions (note 8)	478,777	473,050
	770,232	595,155
Deferred contributions related to capital assets (note 9)	368,559	263,110
	1,138,791	858,265
Net Assets		
Unrestricted	(215,706)	(124,980)
Invested in Capital Assets	44,980	42,675
Contingency Fund	114,220	113,201
Investment Fund	353,504	346,221
	296,998	377,117
	$ 1,435,789	$ 1,235,382

Approved on behalf of the Board:

Director

Director

Seniors Association of Greater Edmonton

Statement of Cash Flows

For the year ended December 31,	2014	2013
Cash provided by (used for)		
Operating activities		
Deficiency of revenues over expenditures	$ **(80,119)**	$ (4,170)
Items not affecting cash		
Amortization	**71,079**	54,791
Change in unrealized gain on long term portfolio investments	**(17,677)**	(30,271)
	(26,717)	20,350
Change in non-cash working capital items		
Accounts receivable	**2,023**	(89,011)
Inventory	**2,875**	(765)
Prepaid expenses	**8,026**	(4,359)
Accounts payable and accrued liabilities	**169,354**	64,326
Deferred contributions	**5,727**	80,993
	161,288	71,534
Financing activity		
Deferred contributions related to capital assets	**105,449**	47,292
Investing activities		
Decrease in long-term portfolio investments	**9,372**	34,381
Purchase of property and equipment	**(178,834)**	(94,893)
	(169,462)	(60,512)
Increase in cash	**97,275**	58,314
Cash, beginning of year	**294,092**	235,778
Cash, end of year	$ **391,367**	$ 294,092

1. Nature of operations

Seniors Association of Greater Edmonton ("SAGE" or "the Association") was established in 1970 with the mission of inspiring and supporting seniors to be the best they can be and the vision for a community where all seniors are valued and have the opportunity to live according to their beliefs, abilities and aspirations.

SAGE is a registered charity under the Income Tax Act of Canada and as long as it continues to meet the requirements of the Act, is not taxable.

2. 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

SAGE 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. Endowment contributions are recognized as direct increases in net assets.

Internally restricted donations and government contributions related to depreciable capital assets are deferred and amortized over the life of the related capital asset. Contributions that have not been expended are recorded as deferred revenue on the Statement of Financial Position.

Investment income includes interest, dividends and realized gains and losses.

Revenue from the sale of goods and services is recognized at the point of sale.

Memberships are recorded as revenue when received.

(b) Contributed services

SAGE relies on its members to volunteer time to support many of its program and fundraising activities. During the year, volunteers contributed 21,980 hours (2013: 14,115 hours). The value of donated services is not recognized in these financial statements due to the difficulty in determining their fair value.

(c) Investments

Term deposits are recorded at amortized cost. Publicly traded investments are recorded at quoted market values. Increases and decreases in market values are reflected in the related funds

(d) Inventory

Inventory is recorded at the lower of cost and net realizable value.

2. Significant accounting policies (continued)

(e) Property and equipment

Property and equipment are recorded at cost. The organization provides for amortization using the following methods at rates designed to amortize the cost of the assets over their estimated useful lives, as set out below.

Furniture and fixtures	10 years
Leaseholds	10 years
Computer equipment	5 years

(f) Financial instruments

Measurement of financial instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

The Association subsequently measures the following financial assets and financial liabilities at amortized cost: cash and short term investments, accounts receivable, and accounts payable and accrued liabilities.

The Association subsequently measures the following financial assets at fair value, without adjustment for transaction costs and with changes in fair value recognized in operations in the period in which they occur: long-term portfolio investments.

Impairment

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

2. Significant accounting policies (continued)

(g) Use of estimates

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 disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(h) Cash equivalents

Cash equivalents consist principally of money market funds and other highly liquid interest-bearing instruments with original maturities of three months or less.

3. Cash and short-term investments

Cash contains multiple short-term deposits with a total amount of $188,000 accruing interest at 0.9% maturing on September 22, 2015.

SAGE has a $60,000 overdraft facility bearing interest at prime and secured by term deposits. At December 31, 2014 the facility was unused.

Fluctuations in the balance of cash on hand result from the timing of receipt of government contributions.

4. Accounts receivable

	2014	2013
Trade	$ 127,391	$ 77,107
Accrued casino funds	-	52,268
Accrued interest receivable	1,014	1,053
	$ 128,405	$ 130,428

5. Long-term portfolio investments

2014

	Carrying amount	Unrealized gain	Unrealized loss	Market values
Cash	$ 3,871	$ -	$ -	$ 3,871
Term deposits	114,220	-	-	114,220
Fixed income securities	27,115	-	24	27,091
Common shares	50,671	6,966	-	57,637
Mutual funds	226,124	38,781	-	264,905
	$ 422,001	$ 45,747	$ 24	$ 467,724

2013

	Carrying amount	Unrealized gain	Unrealized loss	Market values
Cash	$ 2,131	$ -	$ -	$ 2,131
Term deposits	113,201	-	-	113,201
Fixed income securities	27,126	41	-	27,167
Common shares	40,261	5,331	-	45,592
Mutual funds	248,657	22,674	-	271,331
	$ 431,376	$ 28,046	$ -	$ 459,422

At the year end, the unrealized gains in the portfolio had increased by $17,677.

6. Property and equipment

			2014	2013
	Cost	**Accumulated amortization**	**Net book value**	Net book value
Furniture and fixtures	$ 142,420	$ 91,296	$ 51,124	$ 61,273
Leaseholds	505,059	165,995	339,064	215,358
Computer equipment	47,527	24,176	23,351	29,154
	$ 695,006	$ 281,467	$ 413,539	$ 305,785

7. Accounts payable and accrued liabilities

	2014	2013
Trade	**$ 272,781**	$ 104,060
Government remittances	**18,674**	18,045
	$ 291,455	$ 122,105

8. Deferred contributions

Deferred contributions represent funds received for various programs and will be recognized as revenue in the fiscal year in which the related expenses are incurred. Changes in deferred contributions balances are as follows:

	2014	2013
Balance, beginning of year	**$ 473,050**	$ 392,057
Less: amounts recognized as revenue during the year	**(456,754)**	(291,185)
Add: amounts received relating to the subsequent year	**462,481**	372,178
	$ 478,777	$ 473,050

9. Deferred contributions related to capital assets

Deferred contributions related to capital assets represent restricted contributions that were used for equipment purchased. The changes in the deferred contributions balance for the period are as follows:

	2014	2013
Balance, beginning of the year	**$ 263,110**	$ 215,818
Grants received and expended on capital assets	**165,292**	91,715
Amounts amortized to revenue	**(59,843)**	(44,423)
	$ 368,559	$ 263,110

10. Investment income (loss)

	2014	2013
Interest and dividends	**$ 10,620**	$ 13,441
Realized gains (losses)	**8,136**	(13,869)
	$ 18,756	$ (428)

11. Internally Restricted Net Assets

SAGE established two internally restricted funds.

The Contingency Fund was established to have cash available to finance unexpected and significant changes to operations. The Contingency Fund assets are not available for general operating purposes without the specific prior authorization of the Board.

The Investment Fund was established to provide an ongoing source of investment income to supplement other funding sources. On an annual basis, up to 4.5% of the Investment Fund balance can be transferred to the Contingency Fund or the Operating Fund.

12. Commitments

SAGE leases its premises and is committed to annual payments of $115,985 adjusted annually to actual operating costs. The lease expires on June 30, 2019 and the organization has an option to renew for an additional five years. The aggregate minimum future lease payment under the existing lease agreement is $523,933.

13. 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) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Association's revenues or expenditures or the value of its holdings of financial instruments. The Association is exposed to fluctuations in the market price of equities and fixed income investments, interest and exchange rates. These risks are managed by investment policies that prescribe the investment mix, including the degree of liquidity and concentration and the amount of foreign content.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Association is exposed to credit risk on its cash and short-term investments, accounts receivable, and long-term portfolio investments. Credit risk associated with cash, short-term investments, and long-term portfolio investments is managed by investment policies that prescribe the investment mix, including monitoring the credit rating of debt issuers. Credit risk on accounts receivable is minimal as receivable balances are from a number of customers which minimizes the concentration of credit risk.

13. Financial instruments (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Association cannot repay its obligations when they become due to its creditors. The Association has a liquidity risk in the accounts payable and accrued liabilities. The Association reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due.