

SAGE Seniors Association

Financial Statements

December 31, 2016

SAGE Seniors Association

Financial Statements

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Management Responsibility Statement

The management of SAGE Seniors Association ("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 Association'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 Professional Accountants, the Association's auditors. Their report outlines the scope of their examination and their opinion on the financial statements.

A handwritten signature in black ink, appearing to be "K. L. ...", written over a horizontal line.

Executive Director

A handwritten signature in black ink, appearing to be "B. ...", written over a horizontal line.

Treasurer

February 22, 2017

Independent Auditors' Report

To the Members of SAGE Seniors Association

We have audited the accompanying financial statements of SAGE Seniors Association, which comprise the statement of financial position as at December 31, 2016, 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 organization'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 organization'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, SAGE Seniors Association 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 SAGE Seniors Association. 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, 2016 and 2015, current assets and net assets as at December 31, 2016 and 2015.

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 SAGE Seniors Association as at December 31, 2016 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.

Edmonton, Canada
February 22, 2017


Chartered Professional Accountants

SAGE Seniors Association

Statement of Operations

For the year ended December 31,	2016	2015
Revenues		
Municipal funding	\$ 745,460	\$ 646,251
Provincial funding	733,536	673,047
Self-generated revenue	515,794	627,805
Foundations	236,339	188,811
Fundraising	127,862	94,420
United Way	104,010	87,415
Federal funding	101,718	39,280
Donations	65,332	103,568
Investment income	14,486	39,774
	2,644,537	2,500,371
Expenditures		
Wages and benefits	1,475,316	1,327,343
Program expenses	670,924	700,386
Office operation	145,520	119,163
Occupancy	112,991	111,113
Amortization	86,522	82,507
Board and staff costs	52,101	63,458
Professional fees	22,158	22,141
Advertising	17,115	10,643
Volunteer costs	16,407	16,062
Fundraising events expenses	15,377	19,807
Interest and bank charges	6,555	6,728
	2,620,986	2,479,351
Excess of revenues over expenditures before other item	23,551	21,020
Unrealized gain (loss) on portfolio investments	4,894	(20,460)
Excess of revenues over expenditures	\$ 28,445	\$ 560

SAGE Seniors Association**Statement of Changes in Net Assets**

For the year ended December 31,

	2016				
	Total	Unrestricted	Invested in Capital Assets	Contingency Fund	Investment Fund
Balance, beginning of year	\$ 297,558	\$ (190,462)	\$ 37,410	\$ 114,963	\$ 335,647
Excess (deficiency) of revenues over expenditures	28,445	25,230	(8,454)	411	11,258
Capital assets acquired	-	(60,541)	60,541	-	-
Contributions related to capital assets	-	62,624	(62,624)	-	-
Transfer to unrestricted	-	15,000	-	-	(15,000)
Balance, end of year	\$ 326,003	\$ (148,149)	\$ 26,873	\$ 115,374	\$ 331,905

	2015				
	Total	Unrestricted	Invested in Capital Assets	Contingency Fund	Investment Fund
Balance, beginning of year	\$ 296,998	\$ (215,706)	\$ 44,980	\$ 114,220	\$ 353,504
Excess (deficiency) of revenues over expenditures	560	123	(12,789)	743	12,483
Capital assets acquired	-	(88,429)	88,429	-	-
Contributions related to capital assets	-	83,210	(83,210)	-	-
Transfer to unrestricted	-	30,340	-	-	(30,340)
Balance, end of year	\$ 297,558	\$ (190,462)	\$ 37,410	\$ 114,963	\$ 335,647

SAGE Seniors Association**Statement of Financial Position**

December 31, **2016** **2015**

Assets**Current**

Cash and short-term investments (note 3)	\$ 483,677	\$ 438,090
Accounts receivable (note 4)	247,743	141,999
Inventory	12,696	8,288
Prepaid expenses	32,932	28,816

777,048 **617,193**

Long-term portfolio investments (note 5)	447,279	450,610
Property and equipment (note 6)	393,481	419,462

\$ 1,617,808 **\$ 1,487,265**

Liabilities**Current**

Accounts payable and accrued liabilities (note 7)	\$ 173,694	\$ 188,866
Deferred contributions (note 8)	751,503	618,789

925,197 **807,655**

Deferred contributions related to capital assets (note 9)	366,608	382,052
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1,291,805 **1,189,707**

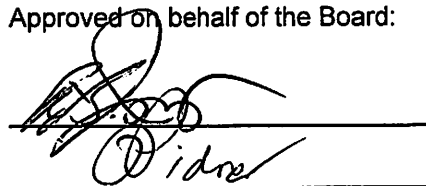
Net Assets

Unrestricted	(148,149)	(190,462)
Invested in Capital Assets	26,873	37,410
Contingency Fund	115,374	114,963
Investment Fund	331,905	335,647

326,003 **297,558**

\$ 1,617,808 **\$ 1,487,265**

Approved on behalf of the Board:



Director

Director

SAGE Seniors Association

Statement of Cash Flows

For the year ended December 31,	2016	2015
Cash provided by (used for)		
Operating activities		
Excess of revenues over expenditures	\$ 28,445	\$ 560
Items not affecting cash		
Amortization of capital assets	86,522	82,507
Amortization of deferred contributions related to capital assets	(78,068)	(69,717)
Change in unrealized gain on long-term portfolio investments	(4,894)	20,460
	32,005	33,810
Change in non-cash working capital items		
Accounts receivable	(105,744)	(10,732)
Inventory	(4,408)	662
Prepaid expenses	(4,116)	(3,012)
Accounts payable and accrued liabilities	(15,172)	(105,452)
Deferred contributions	132,714	140,012
	35,279	55,288
Financing activity		
Contributions related to capital assets	62,624	83,210
Investing activities		
Decrease (increase) in long-term portfolio investments	8,225	(3,346)
Purchase of property and equipment	(60,541)	(88,429)
	(52,316)	(91,775)
Increase in cash	45,587	46,723
Cash, beginning of year	438,090	391,367
Cash, end of year	\$ 483,677	\$ 438,090

SAGE Seniors Association

Notes to the Financial Statements

December 31, 2016

1. Nature of operations

SAGE Seniors Association ("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

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

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Investment income includes dividends and interest income recorded on the accrual basis, as well as realized investment gains and losses and unrealized gains and losses on financial instruments subsequently measured at fair value. Investment income is included in the statement of operations, deferred or reported directly in net assets depending on the nature of any external restrictions imposed on the investment income.

Self-generated revenue from the sale of services is recognized upon provision of the services to the purchaser.

(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 23,412 hours (2015: 22,427 hours). The value of donated services is not recognized in these financial statements due to the difficulty in determining their fair value.

(c) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

SAGE Seniors Association

Notes to the Financial Statements

December 31, 2016

2. Significant accounting policies (continued)

(d) Property and equipment

Property and equipment are recorded at cost. The organization provides for amortization using the straight line method 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

(e) Cash equivalents

Cash equivalents consist of cash and term deposits.

(f) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

SAGE Seniors Association

Notes to the Financial Statements

December 31, 2016

2. Significant accounting policies (continued)

(g) 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.

3. Cash and short-term investments

Cash contains multiple short-term deposits with a total amount of \$270,000 accruing interest at 0.60% maturing on May 3, 2017.

SAGE has a \$60,000 overdraft facility bearing interest at prime and secured by term deposits. At December 31, 2016 the facility was unused (2015: unused).

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

SAGE Seniors Association

Notes to the Financial Statements

December 31, 2016

4. Accounts receivable

	2016	2015
Trade	\$ 246,097	\$ 141,671
Accrued interest receivable	1,646	328
	\$ 247,743	\$ 141,999

5. Long-term portfolio investments

Investments include the following components at fair value:

	2016	2015
Cash	\$ 8,563	\$ 3,871
Term deposits	115,374	114,963
Fixed income securities	-	14,042
Equities	56,890	52,373
Mutual funds	266,452	265,361
	\$ 447,279	\$ 450,610

6. Property and equipment

	2016		2015	
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 200,585	\$ 88,267	\$ 112,318	\$ 89,917
Leaseholds	522,357	269,977	252,380	299,721
Computer equipment	71,754	42,971	28,783	29,824
	\$ 794,696	\$ 401,215	\$ 393,481	\$ 419,462

7. Accounts payable and accrued liabilities

	2016	2015
Trade	\$ 149,860	\$ 171,674
Government remittances	23,834	17,192
	\$ 173,694	\$ 188,866

SAGE Seniors Association

Notes to the Financial Statements

December 31, 2016

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:

	2016	2015
Balance, beginning of year	\$ 618,789	\$ 505,893
Less: amounts recognized as revenue during the year	(602,584)	(417,464)
Add: amounts received relating to the subsequent year	735,298	530,360
	<u>\$ 751,503</u>	<u>\$ 618,789</u>

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:

	2016	2015
Balance, beginning of the year	\$ 382,052	\$ 368,559
Grants received and expended on capital assets	62,624	83,210
Amounts amortized to revenue	(78,068)	(69,717)
	<u>\$ 366,608</u>	<u>\$ 382,052</u>

10. Investment income

	2016	2015
Interest and dividends	\$ 11,986	\$ 9,072
Realized gains	2,499	30,702
	<u>\$ 14,485</u>	<u>\$ 39,774</u>

During the year the association recorded an unrealized gain of \$4,894 (2015 - \$20,460 unrealized loss) on portfolio investments.

SAGE Seniors Association

Notes to the Financial Statements

December 31, 2016

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 \$289,962.

13. Financial instruments

Transacting in and holding of financial instruments exposes the company to certain financial risks and uncertainties. These risks include:

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the organization's revenues or expenditures or the value of its holdings of financial instruments. The organization 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 for the other party by failing to discharge an obligation. The organization's exposure to credit risk relates to its cash and short-term investments, accounts receivable and long-term portfolio investments and arises from the possibility that a debtor does not fulfil its obligations. Management believes this risk is minimized through 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. The organization performs continuous evaluation of its financial assets and records impairment in accordance with the stated policy.

SAGE Seniors Association

Notes to the Financial Statements

December 31, 2016

13. Financial instruments (continued)

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. The organization's exposure to liquidity risk relates to accounts payable and accrued liabilities and arises from the possibility that the timing and amount of its cash inflows will not be sufficient to enable it to meet its financial obligations as they become due. Management believes this risk is minimized by ensuring that it documents when authorized payments become due and maintains an adequate line of credit to repay trade creditors.

14. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

15. Additional information to comply with the disclosure requirement of the Standards Program of Imagine Canada

The Standards Program is a Canada-wide set of shared standards for charities and nonprofits designed to demonstrate their compliance in five fundamental areas: board governance; financial accountability and transparency; fundraising; staff management; and volunteer involvement. It helps organizations mitigate risk by ensuring that staff and volunteers understand and meet their legal, financial and fiduciary responsibilities.

In 2013, the SAGE Seniors Association was accredited by Imagine Canada's Standards Program.

Costs associated with fundraising activities, as defined by Imagine Canada for 2016 were \$42,974 (2015 - \$47,060).