

**Sage Seniors Association**

**Financial Statements**

**December 31, 2018**

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# **Sage Seniors Association**

## **Financial Statements**

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**December 31, 2018**

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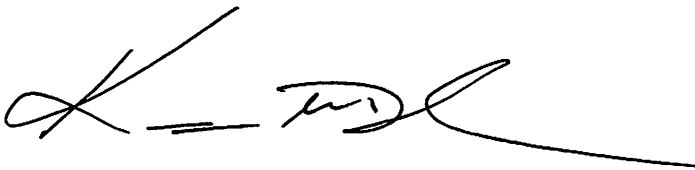
## Management Responsibility Statement

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.



Executive Director



Treasurer  
February 27, 2019

## **Independent Auditors' Report**

### **To the Members of Sage Seniors Association**

#### *Qualified Opinion*

We have audited the financial statements of Sage Seniors Association, which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net assets 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 possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2018, 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 not-for-profit organizations, Sage Seniors Association derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our 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 donation and fundraising revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2018, current assets as at December 31, 2018, and net assets as at January 1, 2018 and December 31, 2018.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' 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.

#### *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.

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## Independent Auditors' Report (continued)

### *Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

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.

Edmonton, Canada  
February 27, 2019

**CROWE MACKAY LLP**  
Chartered Professional Accountants

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## Sage Seniors Association

### Statement of Operations

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For the year ended December 31,	2018	2017
<b>Revenues</b>		
Provincial funding	\$ 1,645,973	\$ 897,252
Municipal funding	957,412	868,481
Self-generated revenue	343,228	389,892
Federal funding	254,208	259,189
Foundations	199,822	254,956
United Way	98,838	98,354
Fundraising	89,950	119,644
Donations	62,557	165,990
Investment income	26,553	22,618
	<b>3,678,541</b>	<b>3,076,376</b>
<b>Expenditures</b>		
Wages and benefits	2,036,231	1,842,426
Program expenses	887,940	594,991
Office operation	234,775	141,913
Amortization	147,243	106,142
Occupancy	123,120	139,131
Staff costs	78,126	66,013
Advertising	47,070	42,706
Professional fees	43,767	45,748
Volunteer costs	17,056	14,536
Fundraising events expenses	10,380	17,105
Interest and bank charges	4,305	4,691
	<b>3,630,013</b>	<b>3,015,402</b>
<b>Excess of revenues over expenditures before Other item</b>	<b>48,528</b>	<b>60,974</b>
Change in unrealized gain (loss) on portfolio investments	(32,998)	13,634
<b>Excess of revenues over expenditures</b>	<b>\$ 15,530</b>	<b>\$ 74,608</b>

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

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**For the year ended December 31,**

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**2018**

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	<b>Total</b>	<b>Unrestricted</b>	<b>Invested in Capital Assets</b>	<b>Contingency Fund</b>	<b>Investment Fund</b>
<b>Balance, beginning of year</b>	<b>\$ 400,611</b>	<b>\$ (72,357)</b>	<b>\$ 13,659</b>	<b>\$ 116,110</b>	<b>\$ 343,199</b>
Excess (deficiency) of revenues over expenditures	<b>15,530</b>	<b>33,363</b>	<b>(4,383)</b>	<b>1,120</b>	<b>(14,570)</b>
Capital assets acquired	-	<b>(499,645)</b>	<b>499,645</b>	-	-
Contributions related to capital assets	-	<b>497,926</b>	<b>(497,926)</b>	-	-
<b>Balance, end of year</b>	<b>\$ 416,141</b>	<b>\$ (40,713)</b>	<b>\$ 10,995</b>	<b>\$ 117,230</b>	<b>\$ 328,629</b>

**2017**

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	<b>Total</b>	<b>Unrestricted</b>	<b>Invested in Capital Assets</b>	<b>Contingency Fund</b>	<b>Investment Fund</b>
<b>Balance, beginning of year</b>	<b>\$ 326,003</b>	<b>\$ (148,149)</b>	<b>\$ 26,873</b>	<b>\$ 115,374</b>	<b>\$ 331,905</b>
Excess (deficiency) of revenues over expenditures	<b>74,608</b>	<b>50,019</b>	<b>(1,441)</b>	<b>736</b>	<b>25,294</b>
Capital assets acquired	-	<b>(234,286)</b>	<b>234,286</b>	-	-
Contributions related to capital assets	-	<b>246,059</b>	<b>(246,059)</b>	-	-
Transfer to unrestricted	-	<b>14,000</b>	-	-	<b>(14,000)</b>
<b>Balance, end of year</b>	<b>\$ 400,611</b>	<b>\$ (72,357)</b>	<b>\$ 13,659</b>	<b>\$ 116,110</b>	<b>\$ 343,199</b>

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# Sage Seniors Association

## Statement of Financial Position

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December 31,	2018	2017
<b>Assets</b>		
<b>Current</b>		
Cash and short-term investments (note 3)	\$ 823,818	\$ 1,163,671
Accounts receivable (note 4)	286,866	251,819
Inventory	7,293	4,658
Prepaid expenses	13,524	38,539
	<b>1,131,501</b>	<b>1,458,687</b>
Long-term portfolio investments (note 5)	445,859	459,309
Property and equipment (note 6)	860,988	508,586
	<b>\$ 2,438,348</b>	<b>\$ 2,426,582</b>

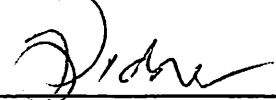
## Liabilities

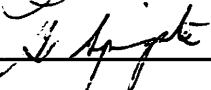
<b>Current</b>		
Accounts payable and accrued liabilities (note 7)	\$ 434,769	\$ 257,940
Deferred contributions (note 8)	737,445	1,273,104
	<b>1,172,214</b>	<b>1,531,044</b>
Deferred contributions related to capital assets (note 9)	849,993	494,927
	<b>2,022,207</b>	<b>2,025,971</b>

## Net Assets

Unrestricted	(40,713)	(72,357)
Invested in Capital Assets	10,995	13,659
Contingency Fund	117,230	116,110
Investment Fund	328,629	343,199
	<b>416,141</b>	<b>400,611</b>
	<b>\$ 2,438,348</b>	<b>\$ 2,426,582</b>

Approved on behalf of the Board:

  
\_\_\_\_\_  
Director

  
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Director



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## Sage Seniors Association

### Statement of Cash Flows

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For the year ended December 31,	2018	2017
<b>Cash provided by (used for)</b>		
<b>Operating activities</b>		
Excess of revenues over expenditures	\$ 15,530	\$ 74,608
Items not affecting cash		
Amortization of capital assets	147,243	106,142
Amortization of deferred contributions related to capital assets	(142,860)	(104,700)
Change in unrealized loss (gain) on long-term portfolio investments	32,998	(13,634)
Loss on disposal of capital assets	-	4,539
	<b>52,911</b>	<b>66,955</b>
Change in non-cash working capital items		
Accounts receivable	(35,047)	(4,076)
Inventory	(2,635)	8,038
Prepaid expenses	25,015	(5,607)
Accounts payable and accrued liabilities	176,830	84,246
Deferred contributions	(535,659)	521,601
	<b>(318,585)</b>	<b>671,157</b>
<b>Financing activity</b>		
Contributions related to capital assets	497,924	233,019
<b>Investing activities</b>		
Increase (decrease) in long-term portfolio investments	(19,548)	1,604
Purchase of property and equipment	(499,644)	(234,286)
Proceeds on disposal of property and equipment	-	8,500
	<b>(519,192)</b>	<b>(224,182)</b>
<b>Increase (decrease) in cash</b>	<b>(339,853)</b>	<b>679,994</b>
<b>Cash, beginning of year</b>	<b>1,163,671</b>	<b>483,677</b>
<b>Cash, end of year</b>	<b>\$ 823,818</b>	<b>\$ 1,163,671</b>

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# Sage Seniors Association

## Notes to the Financial Statements

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December 31, 2018

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### 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 accounting 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 24,398 hours (2017: 27,377 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.

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## **Sage Seniors Association**

### **Notes to the Financial Statements**

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**December 31, 2018**

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#### **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.

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## **Sage Seniors Association**

### **Notes to the Financial Statements**

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**December 31, 2018**

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#### **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 \$520,000 (2017: \$241,800) accruing interest at 0.55% (2017: 0.50%) maturing on September 11, 2019.

Sage has a \$60,000 overdraft facility bearing interest at prime and secured by term deposits. At December 31, 2018 the facility was unused (2017: unused).

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

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## Sage Seniors Association

### Notes to the Financial Statements

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December 31, 2018

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#### 4. Accounts receivable

	2018	2017
Trade	\$ 285,455	\$ 250,561
Accrued interest receivable	1,411	1,258
	<b>\$ 286,866</b>	<b>\$ 251,819</b>

#### 5. Long-term portfolio investments

Investments include the following components at fair value:

	2018	2017
Cash	\$ 9,370	\$ 6,812
Term deposits	117,230	116,110
Foreign Securities	880	1,058
Equities	78,478	51,419
Mutual funds	239,901	283,910
	<b>\$ 445,859</b>	<b>\$ 459,309</b>

The carrying value of the investments at year end is \$435,067 (2017: \$415,519).

#### 6. Property and equipment

	2018		2017	
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 313,993	\$ 85,474	\$ 228,519	\$ 105,070
Leaseholds	974,371	393,683	580,688	379,540
Computer equipment	92,031	40,250	51,781	23,976
	<b>\$ 1,380,395</b>	<b>\$ 519,407</b>	<b>\$ 860,988</b>	<b>\$ 508,586</b>

#### 7. Accounts payable and accrued liabilities

	2018	2017
Trade	\$ 402,820	\$ 239,637
Government remittances	31,949	18,303
	<b>\$ 434,769</b>	<b>\$ 257,940</b>

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## Sage Seniors Association

### Notes to the Financial Statements

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**December 31, 2018**

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#### 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:

	2018	2017
Balance, beginning of year	\$ 1,273,104	\$ 751,503
Less: amounts recognized as revenue during the year	(1,104,011)	(522,986)
Add: amounts received relating to the subsequent year	568,352	1,044,587
	<u>\$ 737,445</u>	<u>\$ 1,273,104</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:

	2018	2017
Balance, beginning of year	\$ 494,927	\$ 366,608
Grants received and expended on capital assets	497,926	233,019
Amounts amortized to revenue	(142,860)	(104,700)
	<u>\$ 849,993</u>	<u>\$ 494,927</u>

#### 10. Investment income

	2018	2017
Interest and dividends	\$ 11,651	\$ 14,287
Realized gains	14,902	8,331
	<u>\$ 26,553</u>	<u>\$ 22,618</u>

During the year the association recorded an unrealized loss of \$32,998 (2017 unrealized gain - \$13,634) on portfolio investments.

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## **Sage Seniors Association**

### **Notes to the Financial Statements**

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**December 31, 2018**

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#### **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. The aggregate minimum future lease payment under the existing lease agreement is \$57,993.

#### **13. Financial instruments**

Transacting in and holding of financial instruments exposes the company to certain financial risks and uncertainties. These risks, which remain unchanged, 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.

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## **Sage Seniors Association**

### **Notes to the Financial Statements**

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**December 31, 2018**

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**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. The changes do not affect prior year earnings.

**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 non-profits 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 2018 were \$41,813 (2017 - \$40,225).