Sage Seniors Association

Financial Statements

December 31, 2021

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

Gregory Springate

Treasurer

March 2, 2022

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Independent Auditors' Report

To the Members of Sage Seniors Association

Opinion
We have audited the financial statements of Sage Seniors Association, which comprise the statement of financial position as at December 31, 2021, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2021, 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.

Basis for Opinion
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 Association 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 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

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 Association'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 Association'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 Association 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.

Crowe MacKay LLP

Edmonton, Canada
March 2, 2022 **Chartered Professional Accountants**

Sage Seniors Association

Statement of Operations

For the year ended December 31,	2021	2020
Revenues		
Municipal funding	**$ 949,083**	$ 944,023
Provincial funding	**800,361**	1,975,154
Foundations	**283,839**	244,463
Self-generated revenue	**230,890**	188,981
United Way	**177,697**	200,026
Government emergency funding (note 2)	**97,515**	459,764
Donations	**74,219**	35,137
Federal funding	**64,547**	50,280
Fundraising	**27,832**	-
Investment income (note 11)	**23,069**	17,586
	2,729,052	4,115,414
Expenditures		
Wages and benefits	**2,003,727**	2,208,498
Program expenses	**411,857**	993,776
Office operation	**131,562**	194,469
Amortization	**131,412**	132,400
Occupancy	**102,732**	142,437
Professional fees	**35,074**	36,264
Staff costs	**31,024**	40,258
Interest and bank charges	**6,042**	6,138
Advertising	**4,686**	6,052
Volunteer costs	**1,861**	4,584
	2,859,977	3,764,876
Excess (deficiency) of revenues over expenditures before other item	**(130,925)**	350,538
Change in unrealized gain on portfolio investments	**16,401**	13,474
Excess (deficiency) of revenues over expenditures	**$ (114,524)**	$ 364,012

Sage Seniors Association

Statement of Changes in Net Assets

For the year ended December 31,

2021

	Total	**Unrestricted**	**Invested in Capital Assets**	**Contingency Fund**	**Investment Fund**
Balance, beginning of year	**$ 864,721**	$ 343,041	$ 11,638	$ 119,958	$ 390,084
Excess (deficiency) of revenues over expenditures	**(114,524)**	(147,408)	249	769	31,866
Capital assets acquired	**-**	(23,125)	23,125	-	-
Contributions related to capital assets	**-**	18,446	(18,446)	-	-
Balance, end of year	**$ 750,197**	$ 190,954	$ 16,566	$ 120,727	$ 421,950

2020

	Total	Unrestricted	Invested in Capital Assets	Contingency Fund	Investment Fund
Balance, beginning of year	$ 500,709	$ 5,538	$ 9,713	$ 118,467	$ 366,991
Excess of revenues over expenditures	364,012	337,503	1,925	1,491	23,093
Capital assets acquired	-	(5,151)	5,151	-	-
Contributions related to capital assets	-	5,151	(5,151)	-	-
Balance, end of year	$ 864,721	$ 343,041	$ 11,638	$ 119,958	$ 390,084

Sage Seniors Association

Statement of Financial Position

December 31,	2021	2020
Assets		
Current		
Cash (note 5)	**$ 1,128,052**	$ 1,319,469
Accounts receivable (note 6)	**122,783**	294,013
Inventory	**1,972**	4,146
Prepaid expenses	**26,311**	16,649
	1,279,118	1,634,277
Long-term portfolio investments (note 7)	**542,677**	510,042
Property and equipment (note 8)	**509,644**	617,931
	$ 2,331,439	$ 2,762,250
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 118,561**	$ 94,112
Deferred contributions (note 9)	**969,603**	1,197,123
	1,088,164	1,291,235
Deferred contributions related to capital assets (note 10)	**493,078**	606,294
	1,581,242	1,897,529
Net Assets		
Unrestricted	**190,954**	343,041
Invested in Capital Assets	**16,566**	11,638
Contingency Fund	**120,727**	119,958
Investment Fund	**421,950**	390,084
	750,197	864,721
	$ 2,331,439	$ 2,762,250

Approved on behalf of the Board:

Gregory Springate Director

Director

Sage Seniors Association

Statement of Cash Flows

For the year ended December 31,	2021	2020
Cash provided by (used for)		
Operating activities		
Excess revenues (expenditures)	**$ (114,524)**	$ 364,012
Items not affecting cash		
Amortization of capital assets	**131,412**	132,400
Amortization of deferred contributions related to capital assets	**(131,662)**	(134,325)
Change in unrealized gain on long-term portfolio investments	**(16,401)**	(13,474)
	(131,175)	348,613
Change in non-cash working capital items		
Accounts receivable	**171,230**	(26,123)
Inventory	**2,174**	1,702
Prepaid expenses	**(9,662)**	(394)
Accounts payable and accrued liabilities	**24,448**	(207,032)
Deferred contributions	**(227,520)**	(522,185)
	(170,505)	(405,419)
Financing activity		
Contributions related to capital assets	**18,446**	5,151
Investing activities		
Change in long-term portfolio investments	**(16,233)**	(11,109)
Purchase of property and equipment	**(23,125)**	(5,151)
	(39,358)	(16,260)
Decrease in cash	**(191,417)**	(416,528)
Cash, beginning of year	**1,319,469**	1,735,997
Cash, end of year	**$ 1,128,052**	$ 1,319,469

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. COVID-19 Pandemic

The COVID-19 pandemic has resulted in governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, social distancing, restrictions on business operations and isolation/quarantine periods have caused material disruptions to communities and businesses, resulting in a slowdown of the global economy.

In response Sage pursued government assistance programs and received $92,203 under the Canada Emergency Wage Subsidy program (CEWS), and $5,312 under the Canada Emergency Rent Subsidy (CERS) program. Sage continues to pursue available subsidies subsequent to year end.

Sage also implemented remote work arrangements for those able to do so, and implemented stringent health and safety procedures and other precautionary measures, guided by public health authorities, to limit the spread of COVID-19 and the impact of the pandemic on the Association's operations.

The rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may result in significant impacts to the Association’s activities, results of operations and financial condition. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. As such it is not possible to estimate the length and severity of these development and the impact on the financial results and condition on the Association and its operations in future periods.

3. Change in accounting policy

Financial instruments – Financial instruments originated or exchanged in a related party transaction

The Association adopted the amendments to Financial Instruments, Section 3856 , relating to the recognition of financial instruments originated or exchanged in a related party transaction.

Under these new requirements, a financial instrument originated or exchanged in a related party transaction is initially measured at cost, which is determined depending on whether the financial instrument has repayment terms. If it does, cost is determined using its undiscounted cash flows, excluding interest payments, less any impairment losses. Otherwise, cost is determined using the consideration transferred or received by the Association. Subsequent measurement is based on how the instrument was initially measured. In general, a financial instrument is subsequently measured at cost less any reduction for impairment, or at fair value.

According to the transition provisions, financial instruments originated or exchanged in a related party transaction that exist at the date these amendments are applied for the first time, January 1, 2021, are measured as follows:

- The cost of an instrument that has repayment terms is determined using its undiscounted cash flows, excluding interest payments, less any impairment as at the beginning of the earliest comparative period, January 1, 2020.
- The cost of an instrument that does not have repayment terms is deemed to be its carrying amount in the Association's financial statements, less any impairment, as at the same date.

The adoption of these new requirements had no impact on the Association's financial statements.

4. 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 Association 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.

4. Significant accounting policies (continued)

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 5,342 hours (2020: 7,293 hours). The value of donated services is not recognized in these financial statements due to the difficulty in determining their fair value.

(c) Cash equivalents

Cash equivalents consist of cash and term deposits.

(d) Inventory

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

(e) Property and equipment

Property and equipment are recorded at cost. The Association 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

(f) Impairment of long-lived assets

The Association tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

(g) Use of estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions, including assumptions about the future effects of the COVID-19 pandemic, that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

4. Significant accounting policies (continued)

(h) Financial instruments

Initial measurement

Financial assets and liabilities originated or exchanged in arm's length transactions are initially measured at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Association is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If there are repayment terms, the cost is determined using its undiscounted cash flows, excluding interest, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the Association in the transaction.

Subsequent measurement

As specified below, the Association subsequently measures all its financial assets and liabilities at cost or 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 income in the period incurred.

Financial assets measured at amortized cost using the straight-line method include: cash and accounts receivable.

Financial assets measured at fair value include: long-term portfolio investments.

Financial liabilities measured at amortized cost using the straight-line method include: accounts payable and accrued liabilities.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

Impairment

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred during the period 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

4. Significant accounting policies (continued)

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.

5. Cash

Sage has a $60,000 overdraft facility bearing interest at prime and secured by term deposits. At December 31, 2021 the facility was unused (2020: unused).

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

6. Accounts receivable

	2021	2020
Trade	**$ 90,604**	$ 158,662
GST receivable	**5,340**	5,766
Government assistance	**30,923**	144,094
Accrued interest receivable	**283**	491
Allowance for doubtful accounts	**(4,367)**	(15,000)
	$ 122,783	$ 294,013

7. Long-term portfolio investments

Investments include the following components at fair value:

	2021	2020
Cash	**$ 12,543**	$ 16,049
Term deposits	**120,727**	119,958
Foreign Securities	**4,542**	3,779
Equities	**106,708**	91,007
Mutual funds	**298,157**	279,249
	$ 542,677	$ 510,042

The cost base of the investments at year end is $483,660 (2020: $467,426).

8. Property and equipment

			2021	2020
	Cost	**Accumulated amortization**	**Net book value**	Net book value
Furniture and fixtures	**$ 333,709**	**$ 169,454**	**$ 164,255**	$ 180,010
Leaseholds	**832,663**	**506,495**	**326,168**	409,434
Computer equipment	**73,873**	**54,652**	**19,221**	28,487
	$ 1,240,245	**$ 730,601**	**$ 509,644**	$ 617,931

9. 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:

	2021	2020
Balance beginning of year	**$ 1,197,123**	$ 1,719,308
Less: amounts recognized as revenue during the year	**(757,866)**	(1,132,479)
Add: amounts received relating to the subsequent year	**530,346**	610,294
	$ 969,603	$ 1,197,123

10. 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:

	2021	2020
Balance, beginning of year	**$ 606,294**	$ 735,468
Grants received and expended on capital assets	**18,446**	5,151
Amounts amortized to revenue	**(131,662)**	(134,325)
	$ 493,078	$ 606,294

11. Investment income

		2021		2020
Interest and dividends	**$**	**16,299**	$	6,768
Realized gains		**6,770**		10,818
	$	**23,069**	$	17,586

During the year the Association recorded an unrealized gain of $16,401 (2020 unrealized gain - $13,474) on portfolio investments.

12. 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.

13. Douglas Milton Campbell Estate Fund

The Association is the beneficiary of the Douglas Milton Campbell Estate Fund, which is held and administered by the Edmonton Community Foundation in order to encourage a sustainable source of revenue for the operation of the Association. The fund is established as an open-ended fund, which allows other individuals or entities to contribute to the fund. The Association will receive an annual distribution from the fund in accordance with the policies adopted by the Edmonton Community Foundation. At the end of December 31, 2021 the balance in the Douglas Milton Campbell Estate Fund was $914,767 (2020 - $909,771). Contributions made during the year were $nil (2020 - $nil). Because the fund is held and controlled outside of the Association, the fund is not recognized as an asset in these financial statements.

14. Financial instruments

Transacting in and holding of financial instruments exposes the Association to certain financial risks and uncertainties. Significant risks to which the Association is exposed as at December 31, 2021 include:

(a) Credit risk

The Association’s credit risk is mainly related to accounts receivable. The Association provides credit to its clients in the normal course of operations. Management believes this risk is minimized through investment policies that prescribe the investment mix, including monitoring the credit rating of debt issuers. The Association performs continuous evaluation of its financial assets and records impairment in accordance with the stated policy.

14. Financial instruments (continued)

(b) Liquidity risk

The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. During the year, the Association's exposure to liquidity risk changed from the previous year as a result of the increase in financial liabilities, in particular accounts payable and accrued liabilities. 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.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk. The Association is exposed to market risk as follows:

(i) **Interest rate risk**

The Association is exposed to interest rate risk on its long-term portfolio investments. Fixed interest rate investments subject the Association to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. Floating interest rate investments subject the Association to changes in related future cash flows. The Association does not use derivative instruments to reduce its exposure to interest rate risk.

(ii) **Price risk**

The Association is exposed to other price risk on its long-term portfolio investments, as these instruments are subject to price changes in an open market for a variety of reasons including, investor sentiment and expectations, changes in market rates of interest, general economic indicators and restrictions of credit markets. The Association does not employ derivative financial instruments to hedge its exposure to other price risk.

15. 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.

16. 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 2019, the Sage Seniors Association was re-accredited by Imagine Canada's Standards Program.

Costs associated with fundraising activities, as defined by Imagine Canada for 2021 were $24,182 (2020 - $6,012).