

**LIVING AND LEARNING IN RETIREMENT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
APRIL 30, 2017**

LIVING AND LEARNING IN RETIREMENT

APRIL 30, 2017

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INDEPENDENT AUDITOR'S REPORT

**To the Members of
Living And Learning In Retirement**

I have audited the accompanying financial statements of Living And Learning In Retirement which comprise the statement of financial position as at April 30, 2017 and the statements of operations and changes in net assets and statement of 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards for not-for-profit organizations. Those standards require that I 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 auditor's 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 auditor considers internal control relevant to the entity'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 entity'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.

I believe that the audit evidence I have obtained in my audit is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of Living And Learning In Retirement as at April 30, 2017 and the results of its operations and cash flows for the year ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads "Jeffrey D. Milgram Professional Corporation". The signature is written in a cursive, flowing style.

JEFFREY D. MILGRAM PROFESSIONAL CORPORATION
Authorized to practise public accounting by
The Institute of Chartered Professional Accountants of Ontario

TORONTO, ONTARIO
SEPTEMBER 6, 2017

Jeffrey D. Milgram, Professional Corporation
Chartered Professional Accountant
Licensed Public Accountant

LIVING AND LEARNING IN RETIREMENT
STATEMENT OF FINANCIAL POSITION
AS AT APRIL 30, 2017

	<u>2017</u>	<u>2016</u>
	\$	\$
ASSETS		
CURRENT		
Bank and cash equivalents (Note 3)	132,628	83,962
Short term investments (Note 4)	38,268	72,407
Government remittance receivable	8,565	-
Prepaid expenses and sundry	<u>3,175</u>	<u>4,646</u>
	182,636	161,015
LONG TERM		
Long term investments (Note 4)	<u>72,311</u>	<u>72,055</u>
	<u>254,947</u>	<u>233,070</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	4,284	4,657
Government remittances payable	-	1,023
DEFERRED		
Deferred contributions pertaining to operations (Note 5)	<u>110,729</u>	<u>107,085</u>
	115,013	112,765
NET ASSETS		
UNRESTRICTED NET ASSETS	<u>139,934</u>	<u>120,305</u>
	<u>254,947</u>	<u>233,070</u>

_____ **DIRECTOR**

_____ **DIRECTOR**

_____ **DATE**

The accompanying notes are an integral part of these financial statements.

LIVING AND LEARNING IN RETIREMENT
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2017

	<u>2017</u>	<u>2016</u>
	\$	\$
REVENUE		
Registration and membership fees	98,413	100,401
Less: Refunds	<u>(630)</u>	<u>(3,375)</u>
	97,783	97,026
Interest and other	<u>4,175</u>	<u>1,271</u>
	<u>101,958</u>	<u>98,297</u>
EXPENSES		
Lecturers fees	30,390	30,219
Course directors fees	13,413	12,325
Office and general	12,037	12,789
Rent	9,913	10,211
On-line registration programming	3,241	3,729
Audit fees	4,633	4,090
Audio visual	2,782	2,628
Insurance	1,605	1,646
Course co-ordination	-	1,200
Telephone	796	1,023
Printing	166	121
PayPal commissions and bank charges	<u>3,353</u>	<u>3,828</u>
	<u>82,329</u>	<u>83,809</u>
NET INCOME FOR THE YEAR	19,629	14,488
NET ASSETS, BEGINNING OF YEAR	<u>120,305</u>	<u>105,817</u>
NET ASSETS, END OF YEAR	<u>139,934</u>	<u>120,305</u>

The accompanying notes are an integral part of these financial statements.

LIVING AND LEARNING IN RETIREMENT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2017

	<u>2017</u>	<u>2016</u>
	\$	\$
CASH PROVIDED BY OPERATING ACTIVITIES		
Net income for the year	19,629	14,488
Add: Item not requiring an immediate outlay of cash:		
Deferred revenue	(107,085)	(90,780)
	(87,456)	(76,292)
Change in non-cash operating elements of working capital	102,239	107,808
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>14,783</u>	<u>31,516</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Decrease) increase in investments	<u>33,883</u>	(92,882)
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	<u>33,883</u>	(92,882)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	48,666	(61,366)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>83,962</u>	<u>145,328</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>132,628</u>	<u>83,962</u>

The accompanying notes are an integral part of these financial statements.

**LIVING AND LEARNING IN RETIREMENT
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2017**

1. Organization

Organization - Living And Learning In Retirement (“the Organization”), which commenced operations as an unincorporated venture in 1975, was incorporated in January 28, 2002 as a not-for-profit organization without share capital in the Province of Ontario. Throughout this time, it has planned and conducted self-directed educational programs for its members which consist of retired, and for the most part, senior adults.

Accounting Framework - The Organization prepares its financial statements in accordance with the Chartered Professional Accountants of Canada (CPA, Canada) (formerly the Institute of Chartered Accountants (CICA)) Handbook, Part III, Canadian accounting standards for not-for-profit organizations (ASNPO).

2. Summary of Significant Accounting Policies

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations. These standards are in accordance with Canadian generally accepted accounting principles and include the following significant policies:

Basis of Accounting

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of receipts of goods and services and the creation of legal obligation to pay.

Cash and cash equivalents

Cash and equivalents includes cash on hand, current bank deposits and guaranteed investment certificates with a maturity date of less than 90 days from the year end date.

Investments

Short term investments with a maturity date of 90 days or more, but less than one year from the year end date, are included in the short term investment balance at year end. Investments that mature after the end of the next fiscal year are classified as long term. Investments are represented by guaranteed investment certificates held at year end that are to be held on a short or long term basis in accordance with the Organization’s investment liquidity policy.

LIVING AND LEARNING IN RETIREMENT
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2017

2. Summary of Significant Accounting Policies – Continued

Revenue Recognition

The Organization follows the deferral method of accounting for contributions.

Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions are recognized as revenue when received or receivable while restricted contributions, including revenues generated from memberships and lectures, are recognized as revenue in the year in which the related expenses are incurred and the services are provided.

Donations are recognized when received.

Interest is recognized as earned. Capital gains and losses are recognized on the settlement date of the transaction, or, for unrealized gains and losses, periodically at year end by an adjustment to fair value which is included in the determination of net income.

Contributed Materials and Services

Donations of materials which are not normally purchased by the Organization are not recorded in the accounts. The work of the Organization is also heavily dependent on the voluntary service of its members. Since these services are not normally purchased by the Organization, and because of the difficulty of determining their fair value, the value of donated volunteer services is not recognized in these statements.

Estimates

The preparation of the financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from management's best estimates as additional information becomes available in the future. Estimates made during the current year pertain to prepaid instructor costs for the 2015 – 2016 sessions and the prepaid portion of corporate insurance costs.

Capital Assets

Capital assets under a value of \$2,500 are recorded as expenditure in the year of acquisition. Currently, the Organization has no assets that exceed the limit set by the Board of Directors.

LIVING AND LEARNING IN RETIREMENT
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2017

2. Summary of Significant Accounting Policies – Continued

Financial Assets and Financial Liabilities

(i) Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statements of operations in the period incurred. Financial assets measured at amortized cost include cash, amounts receivable and fixed income investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(ii) Impairment

At the end of each reporting period, the Organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired.

When there is an indication of impairment, the Organization determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When the Organization identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the asset to the highest of the following:

- a) the present value of the cash flows expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset;
- b) the amount that could be realized by selling the asset at the statement of financial position date; and
- c) the amount the Organization expects to realize by exercising its rights to any collection action less the costs necessary to exercise those actions.

LIVING AND LEARNING IN RETIREMENT
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2017

2. Summary of Significant Accounting Policies – Continued

Financial Assets and Financial Liabilities

(ii) Impairment

When the Organization determines an adjustment to the carrying value is required, the carrying amount of the asset is reduced directly or through the use of an allowance account.

The amount of the reduction is recognized as an impairment loss in the statements of operations. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, directly or by adjusting the allowance account. The amount of the reversal is recognized in the statements of operations in the period the reversal occurs.

3. Cash and Cash Equivalents

As at April, 30, 2016, cash and cash equivalents consist of the following:

	<u>2016</u>	<u>2015</u>
	\$	\$
Cash held in current bank accounts	22,538	23,926
TD GICs – maturity within 90 days after year end	<u>110,090</u>	<u>60,036</u>
	<u>132,628</u>	<u>83,962</u>

Investments are recorded at fair market value which has been estimated at cost plus accrued interest to the year end date.

LIVING AND LEARNING IN RETIREMENT
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2017

4. Investments

Investments are carried at fair market value which approximates principal plus accrued interest to the year end date. Investments have been placed in guaranteed investment certificates having various maturity dates as follows:

	<u>Due</u> (DD/MM/YY)	<u>Rate</u> %	<u>Face</u> <u>Value</u> \$	<u>Fair</u> <u>Value</u> \$
Short term investment is comprised of:				
TD Canada Trust - Redeemable investment certificate	28/02/18	1.24	38,150	38,268
Long term investment is comprised of:				
TD Mortgage Corporation				
– Security GIC Plus	25/05/18	0.33	<u>72,055</u>	<u>72,311</u>
			<u>110,205</u>	<u>104,579</u>

5. Deferred Contributions

Deferred operating contributions are comprised of:

	<u>2017</u> \$	<u>2016</u> \$
Memberships and course fees for fiscal 2017-18 paid prior to the fiscal year end date.	<u>110,729</u>	<u>107,085</u>

6. Risk

Liquidity

The Organization manages its liquidity risk by monitoring actual and projected cash flows, from both memberships and lecture programs, to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses.

General

The Organization holds liquid financial assets in the form of cash and short term investments. It is management's opinion that the fair value of these financial instruments approximates their stated value, plus accrued interest where applicable, due to the short term to maturity for the items held at year end. Additional financial assets are held in the form of a long term investment certificate measured at amortized cost which, given current market rates of return on similar investments, approximates the investment's stated value plus accrued interest to the year end date.

LIVING AND LEARNING IN RETIREMENT
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2017

6. Risk - Continued

General

The Organization also holds financial liabilities in the form of accounts payable and accrued liabilities, and deferred revenue. As with the financial assets, the fair value and stated value of the financial liabilities approximate each other at year end due to the short term to maturity of the liabilities and debts held at April 30, 2017.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market price of the investments held. Market risk comprises three types of risk; currency risk, interest risk, and price risk. Interest risk is discussed below. Since the Organization only operates in Canadian dollars, it has no exposure to currency risk in the year. Similarly, as the Organization has not invested in equity investments, it is not exposed to price risk associated with an investment portfolio of equity holdings.

Interest Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the fair value of financial instruments.

Interest rate risk arises when the Organization invests in interest-bearing financial instruments. The Organization is exposed to the risk that the value of such financial instruments will fluctuate due to the prevailing levels of market interest rates.

As at April 30, 2017, the Organization held interest bearing investments in the form of guaranteed investment certificates and is therefore subject to the risk associated with interest rate changes.

These investment certificates yield interest at various rates as noted above, Note 4. Therefore, while the risk of future cash flows from the investment will accordingly increase or decrease with the changes to the market rate of interest on similar investments, a significant portion of the investments are invested for a short period of time, generally one year or less or are fully cashable at any time which does not preclude management from reinvesting at a more favourable rate, and accordingly, minimizing the exposure to interest rate risk on these investment vehicles.

7. Income Tax Status

The Organization is exempt from income tax in Canada as a not-for-profit organization without share capital under Section 149(1)(f) of the Income Tax Act of Canada.