

**CANADIAN NETWORK
FOR THE PREVENTION OF ELDER ABUSE**

**FINANCIAL STATEMENTS
March 31, 2016**

CANADIAN NETWORK FOR THE PREVENTION OF ELDER ABUSE

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF Canadian Network for the Prevention of Elder Abuse

We have audited the accompanying financial statements of Canadian Network for the Prevention of Elder Abuse, which comprise the statement of financial position as at March 31, 2016, and the statement of operations, statement of changes in fund balances and statement of cash flows for the year, 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 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.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Network for the Prevention of Elder Abuse as at March 31, 2016, and its financial performance and its cash flows for the year in accordance with Canadian accounting standards for not-for-profit organizations.



REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

VANCOUVER, B.C.
June 13, 2016

CANADIAN NETWORK FOR THE PREVENTION OF ELDER ABUSE

STATEMENT OF FINANCIAL POSITION As at March 31, 2016

	Operating Fund	Discovery Fund	Total 2016	Total 2015
	\$	\$	\$	\$
ASSETS				
CURRENT ASSETS				
Cash	9,642	6,786	16,428	86,281
Accounts receivable (Note 3)	20,000	91,295	111,295	219,726
Prepaid expenses	-	1,194	1,194	-
	29,642	99,275	128,917	306,007
ACCOUNTS RECEIVABLE (Note 3)	-	-	-	41,200
	29,642	99,275	128,917	347,207
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	-	5,000	5,000	9,528
Deferred revenue (Note 4)	20,000	94,275	114,275	327,675
	20,000	99,275	119,275	337,203
FUND BALANCES				
Operating Fund	9,642	-	9,642	10,004
	29,642	99,275	128,917	347,207

Approved on behalf of the Board of Directors:

Director _____

Director _____

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

CANADIAN NETWORK FOR THE PREVENTION OF ELDER ABUSE

STATEMENT OF OPERATIONS For the year ended March 31, 2016

	Operating Fund	Discovery Fund	Total 2016	Total 2015
	\$	\$	\$	\$
REVENUE				
ESDC Contribution	-	233,400	233,400	282,850
Donations	-	-	-	200
Interest income	13	79	92	132
	13	233,479	233,492	283,182
EXPENSES				
Accounting and legal	-	5,228	5,228	5,500
Contract service	-	193,703	193,703	157,958
Insurance	-	88	88	1,815
Interest and bank charges	61	-	61	20
Meals and entertainment	-	1,516	1,516	4,455
Office	44	7,683	7,727	39,419
Registration	270	-	270	85
Rent	-	3,392	3,392	2,271
Research and development	-	4,723	4,723	15,026
Telephone	-	1,879	1,879	5,772
Travel and accommodation	-	15,267	15,267	51,838
	375	233,479	233,854	284,159
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(362)	-	(362)	(977)

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

CANADIAN NETWORK FOR THE PREVENTION OF ELDER ABUSE

STATEMENT OF CHANGES IN FUND BALANCES For the year ended March 31, 2016

	Operating Fund	Discovery Fund	Total 2016	Total 2015
	\$	\$	\$	\$
BALANCE, BEGINNING OF YEAR	10,004	-	10,004	10,981
Excess (deficiency) of revenue over expenses	(362)	-	(362)	(977)
BALANCE, ENDING OF YEAR	9,642	-	9,642	10,004

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

CANADIAN NETWORK FOR THE PREVENTION OF ELDER ABUSE

STATEMENT OF CASH FLOWS For the year ended March 31, 2016

	2016	2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	(362)	(977)
Change in non-cash working capital items:		
Accounts receivable	149,631	(258,901)
Prepaid expenses	(1,194)	-
Accounts payable and accrued liabilities	(4,528)	7,528
Deferred revenue	(213,400)	267,113
	(69,853)	14,763
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(69,853)	14,763
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	86,281	71,518
CASH AND CASH EQUIVALENTS, END OF YEAR	16,428	86,281

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

CANADIAN NETWORK FOR THE PREVENTION OF ELDER ABUSE

NOTES TO THE FINANCIAL STATEMENTS March 31, 2016

1 NATURE OF OPERATIONS

Canadian Network for the Prevention of Elder Abuse (CNPEA) was incorporated under the Canada Corporations Act on May 10, 2000 as a not-for-profit organization and is exempt from income tax under paragraph 149(1)(l) of the Income Tax Act.

CNPEA is an organization operating programs to increase Canadian society's ability to recognize and prevent mistreatment of older adults so they can be free from abuse, neglect, and exploitation in later life.

2 SIGNIFICANT ACCOUNTING POLICIES

The organization prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

(a) FUND ACCOUNTING

The organization follows the restricted fund method of accounting for contributions.

(i) Operating Fund

The Operating Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

(ii) Discovery Fund

The Discovery Fund is an externally restricted fund. It is funded by the Employment and Social Development Canada (ESDC) to assist the organization with building the capacity of elder abuse networks and committees across Canada by development of new partnerships, broadening the breadth of knowledge, bringing together and synthesizing available information and/or development of key information, and making it more accessible to communities at large.

(b) REVENUE RECOGNITION

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred in the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be recorded can be reasonably estimated and collection is reasonably assured.

(c) FINANCIAL INSTRUMENT

Financial assets and financial liabilities are initially measured at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets, other than those measured at fair value, are tested for impairment at the end of each reporting period when there are indicators the assets may be impaired.

CANADIAN NETWORK FOR THE PREVENTION OF ELDER ABUSE

NOTES TO THE FINANCIAL STATEMENTS March 31, 2016

3 ACCOUNTS RECEIVABLE

	Operating Fund	Discovery Fund	Total 2016	Total 2015
	\$	\$	\$	\$
Accounts receivable - current				
ESDC receivable	-	86,354	86,354	211,900
Province of Nova Scotia	20,000	-	20,000	-
Public service bodies' rebate	-	4,941	4,941	7,826
	20,000	91,295	111,295	219,726
Accounts receivable - non-current				
ESDC receivable	-	-	-	41,200
Total	20,000	91,295	111,295	260,926

4 DEFERRED REVENUE

	Opening Balance	Funds Realized	Funds Utilized	Total 2016	Total 2015
	\$	\$	\$	\$	\$
ESDC	327,675	-	233,400	94,275	327,675
Province of Nova Scotia	-	20,000	-	20,000	-
	327,675	20,000	233,400	114,275	327,675

5 FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. It is management's opinion that the organization is not exposed to significant interest rate, market, currency, credit, liquidity or cash flow risks arising from these financial instruments and that the fair value of these financial instruments approximate their carrying values.

6 SUBSEQUENT EVENTS

Subsequent to the year end, the funding agreement with Employment and Social Development Canada for the Discovery Project will end by June 30, 2016. The organization may require to repay any surplus funds after the submission of the final report.

June 13, 2016

MANAGEMENT LETTER

(Including some of our specific audit findings)

**Board of Directors
Canadian Network for the Prevention of Elder Abuse
15008-26 Avenue
Surrey, B.C. V4P 3H5**

Dear Directors:

Re: Canadian Network for the Prevention of Elder Abuse – 2016 Audit

In planning and performing our audit of the **Canadian Network for the Prevention of Elder Abuse** (the "Organization") for the year ended March 31, 2016, we gained an understanding of your internal controls over financial reporting in order to design our audit plan including procedures that are appropriate for the purpose of expressing an opinion on your financial statements. Please note that our planning related to internal controls was not for the purposes of expressing an opinion on the effectiveness of such controls over financial reporting.

Internal controls are the methods and procedures an organization uses to ensure the accuracy and validity of their financial statements. Such controls protect your organization from abuse and fraud, and should ensure that information is received in an accurate and timely manner. Management of an organization are ultimately responsible for the development and maintenance of effective internal controls over their accounting systems and practices, while accounting departments are charged with the responsibility of processing accounting records and financial statements in accordance with such controls. Canadian Auditing Standards (CAS) dictate that auditors review and evaluate such controls to determine the extent of the audit procedures that they will use during the audit process or plan. The independence standard prescribes that auditors should not review their own work or be actively involved in the maintaining of general ledgers or posting of adjusting entries.

As our audit plan for 2016 is nearing completion, we wish to take this opportunity to present our findings and recommendations in the form of a letter to management as required by CAS.

Once again, we noted growth in your operation, further improvements and compliance with the established policies and procedures and we commend you and the Organization for such efforts.

FUND BALANCES

It should be noted that as of March 31, 2015 the Organization's Fund Balances was \$10,004 and reduced to \$9,642 as at March 31, 2016 for a decrease of \$362.

ACCOUNTING RECORDS

Status of the Records -

It should be noted that the maintenance of the accounting records is adequate for the staffing complement available and for the number of transactions processed annually. Management should be commended for their continued efforts to improve their internal controls as they relate to systems, practices and procedures.

Accounting and Bookkeeping Related Issues -

During the course of our Audit, we prepared 11 recommended adjusting journal entries and 1 reclassifying journal entries. It has been a practice of RHN Inc. to advise our clients, throughout the audit process, of any corrections or adjustments that may come to our attention in order that appropriate action can be taken on a timely basis.

It should also be noted that we have no authority to adjust your records but are compelled by our standards to recommend adjustments as a result of our findings during the audit process. These recommended adjustments to your records pertained to the following items:

- Opening fund balance
- Accounts receivable
- GST Public Service Bodies' Rebate,
- Prepaid expenses, and
- Deferred revenue

It is our persistent goal to continue to reduce the number of such adjustments by offering recommendations to improve the internal controls over your accounting records as well as the accuracy of inputted data. It is important that your accounting department adjusts items on a timely basis.

Bank Reconciliation -

We noted that the transactions in the bank accounts were recorded and reconciled by the accounting department on a regular basis.

Reports Submitted to Employment and Social Development Canada (ESDC) for the Discovery Project -

During the audit, we noted the total expenditures reported on the report submitted to ESDC for Fiscal Year 2015-2015 did not match to the total expenditures recorded in the general ledger. The amount of the total expenditures reported is \$242,698 and the total expenditures recorded in the general ledger before audit adjustments is \$234,024. The variance is \$8,674.

We recommend that:

expenditures reported in the quarterly reports submitted to ESDC be matched to the amount recorded in the general ledger. Audit adjustments and adjustments during the year be included in expenditures to be reported for the last quarter of the fiscal year to match the general ledger amounts before submitting the report.

SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the appropriate selection and application of accounting policies. Our role is to review the appropriateness and the application as part of our audit. The accounting policies used are described in note (2) "Summary of Significant Accounting Policies" in the financial statements. These financial statements were prepared in accordance with Canadian Standards for "not-for-profit" organizations.

There were no other accounting policies adopted or changes to the application of accounting policies of the Organization during the year.

SIGNIFICANT UNUSUAL TRANSACTIONS

No significant or unusual transactions came to our attention during the audit process that you need to be apprised of.

ACCOUNTING ESTIMATES

Management is responsible for the accounting estimates included in financial statements. These estimates are based on management's knowledge of the business and past experience.

The auditors' responsibility is to obtain sufficient appropriate evidence to provide reasonable assurance that management's accounting estimates are reasonable.

DISAGREEMENTS WITH MANAGEMENT

Our standards require that we communicate any disagreements with management, whether or not resolved, about matters that relate to our audit process.

Plensed be advised that we had no disagreements with management during the audit process.

ISSUES ENCOUNTERED DURING THE AUDIT PROCESS

We encountered no significant issues during our audit process that should be brought to the attention of the Directors or Management.

CONCLUSION

The items contained in this correspondence were documented solely for the information of Directors as well as Management and are not intended for any other purpose. We accept no responsibility to a third party who might use the content of this correspondence.

We are commencing our plan for the year 2017 and would appreciate your input. If you have specific areas that you wish to have addressed, in addition to our follow up of the items mentioned above, we would be pleased to include them.

To ensure there is a clear understanding and record of the matters discussed, we ask that members of Board of Directors sign their acknowledgement in the spaces provided below.

We wish to thank Sherry Baker and Jim Poole for their valuable cooperation during the audit process. We certainly look forward to continuing to assist you with your auditing and accounting needs and welcome your calls if you have any queries in regard to the above recommendations.

Yours truly,

REID HURST NAGY INC.



Norman G. Grdina, CFE, CAFM, FCPA, FCPA



David Leung, B. Comm. CPA, CGA

ACKNOWLEDGEMENT OF DIRECTORS OF THE ORGANIZATION:

We have read and approve this Management letter prepared as part of the Audit Process conducted by RHN Inc. Chartered Professional Accountants on behalf of Management on this ___ day of _____, 2016.

_____, Director

_____, Director

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Approved on behalf of the Board of Directors:

Director _____

Director _____

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

ACKNOWLEDGEMENT OF DIRECTORS OF THE ORGANIZATION:

We have read and approve this Management letter prepared as part of the Audit Process conducted by RHN Inc. Chartered Professional Accountants on behalf of Management on this ___ day of _____, 2016.

_____, Director

_____, Director