

ALZHEIMER SOCIETY OF YORK REGION

Financial Statements

March 31, 2014

ALZHEIMER SOCIETY OF YORK REGION

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Year Ended March 31, 2014

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INDEPENDENT AUDITOR'S REPORT

HOGG

SHAIN &

SCHECK

Professional Corporation
Chartered Accountants

To the Members of Alzheimer Society of York Region

We have audited the accompanying financial statements of Alzheimer Society of York Region, which comprise the statement of financial position as at March 31, 2014 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 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.

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

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from donations, 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 the Society and we were not able to determine whether any adjustments might be necessary to donation and other revenues, excess of revenue over expenses, and cash flows from operations, assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Alzheimer Society of York Region as at March 31, 2014 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.

Toronto, Ontario
June 19, 2014

Hogg, Shain & Scheck PC

Authorized to practice public accounting by
The Institute of Chartered Accountants of Ontario

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ALZHEIMER SOCIETY OF YORK REGION

Statement of Financial Position

March 31, 2014

	2014	2013
ASSETS		
CURRENT		
Cash	\$ 54,472	\$ 72,260
Short term investments	120,285	75,830
Accounts receivable (Note 4)	68,028	80,608
Harmonized sales tax recoverable	53,343	48,138
Prepaid expenses	38,250	41,385
	334,378	318,221
RESTRICTED CASH AND INVESTMENTS		
Internally restricted (Note 3)	185,000	185,000
Restricted contributions (Note 6)	348,873	267,753
	533,873	452,753
PROPERTY AND EQUIPMENT (Note 5)		
	142,997	169,451
	\$ 1,011,248	\$ 940,425
LIABILITIES		
CURRENT		
Government remittances payable	\$ 44,519	\$ 42,061
Accounts payable and accrued liabilities	99,209	122,195
Current portion of deferred revenue (Note 6)	67,269	56,193
	210,997	220,449
DEFERRED REVENUE (Note 6)		
	384,413	320,617
	595,410	541,066
NET ASSETS		
	415,838	399,359
	\$ 1,011,248	\$ 940,425

COMMITMENTS (Note 7)

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See the accompanying notes to these financial statements

ALZHEIMER SOCIETY OF YORK REGION

Statement of Revenues and Expenditures

Year Ended March 31, 2014

	2014	2013
REVENUE		
Government Support <i>(Note 8)</i>	\$ 1,714,206	\$ 1,677,123
Donations, Grants and Events	572,862	534,062
Service Fees	423,675	396,808
Interest	1,663	936
	<u>2,712,406</u>	<u>2,608,929</u>
EXPENSES		
Adult Day Program	1,183,571	1,137,688
Caregiver Support and Education	1,038,994	976,565
Fund Development	212,997	267,284
General Operations	207,839	167,235
	<u>2,643,401</u>	<u>2,548,772</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	69,005	60,157
Amortization	<u>52,526</u>	<u>49,200</u>
EXCESS OF REVENUE OVER EXPENSES	\$ 16,479	\$ 10,957

See the accompanying notes to these financial statements

ALZHEIMER SOCIETY OF YORK REGION

Statement of Changes in Net Assets

Year Ended March 31, 2014

	Unrestricted	Internally restricted	2014	2013
NET ASSETS - BEGINNING OF YEAR	\$ 214,359	\$ 185,000	\$ 399,359	\$ 388,402
Excess of revenue over expenses	16,479	-	16,479	10,957
NET ASSETS - END OF YEAR	\$ 230,838	\$ 185,000	\$ 415,838	\$ 399,359

See the accompanying notes to these financial statements

ALZHEIMER SOCIETY OF YORK REGION

Statement of Cash Flows
Year Ended March 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 16,479	\$ 10,957
Item not affecting cash:		
Amortization	<u>52,526</u>	49,200
	69,005	60,157
Changes in non-cash working capital (<i>Note 9</i>)	<u>(124,517)</u>	7,315
Cash flow from (used by) operating activities	<u>(55,512)</u>	67,472
INVESTING ACTIVITY		
Purchase of property and equipment	<u>(26,072)</u>	(39,489)
Cash flow used by investing activity	<u>(26,072)</u>	(39,489)
FINANCING ACTIVITY		
Increase (decrease) in deferred revenue	<u>63,796</u>	(6,951)
Cash flow from (used by) financing activity	<u>63,796</u>	(6,951)
INCREASE (DECREASE) IN CASH FLOW	(17,788)	21,032
CASH - BEGINNING OF YEAR	<u>72,260</u>	51,228
CASH - END OF YEAR	<u>\$ 54,472</u>	\$ 72,260

See the accompanying notes to these financial statements

ALZHEIMER SOCIETY OF YORK REGION

Notes to Financial Statements

Year Ended March 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

The Alzheimer Society of York Region is incorporated without share capital under the Business Corporations Act of Ontario as a not-for-profit organization and is a registered charity under the Income Tax Act.

The primary purpose of the Alzheimer Society of York Region is to improve the quality of life for people diagnosed with Alzheimer's disease or a related dementia through the following approaches:

- (a) providing education, outreach and counselling to family and professional caregivers;
- (b) developing programs that offer respite to caregivers and social activities to people with dementia;
- (c) promoting awareness and education about the disease in the community;
- (d) supporting research into the cause and cure of the disease.

Basis of presentation

The 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 accounting policies:

Revenue recognition

The Society follows the deferral fund method of accounting for contributions.

Externally restricted contributions, other than endowments, are recognized as revenue in the year in which the related expenses are incurred. Contributions for the purchase of property and equipment are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related property and equipment.

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.

Investment income earned on restricted funds is deferred and recognized as revenue in accordance with the policies noted above. Other investment income is recognized as revenue when earned.

Service fees are recognized after the service has been performed, the amount can be reasonably determined and collection is reasonably assured.

Allocation of administration expenses

The Society classifies expenditures on the Statement of Revenues and Expenditures by function. Administration expenses are allocated proportionately on the same percentage as the direct salaries and benefits of the program.

Donated services

A number of people have contributed significant amounts of time to the activities of the Society without compensation. The financial statements do not reflect the value of those contributed services because, although clearly substantial, no generally accepted basis exists for determining an appropriate amount.

(continues)

ALZHEIMER SOCIETY OF YORK REGION

Notes to Financial Statements

Year Ended March 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

The Society initially measures its financial assets and liabilities at fair value.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include short term investments and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Property and equipment

Property and equipment are stated at cost or deemed cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives on a straight-line basis at the following annual rates and methods:

Landscaping	10 years	straight-line method
Leasehold improvements	10 years	straight-line method
Office equipment	5-10 years	straight-line method
Vehicles	5 years	straight-line method

The Society regularly reviews its property and equipment to eliminate obsolete items.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standard for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

The significant areas requiring the use of management's judgment relates to the useful lives and estimated future cash flows from property and equipment and to the allowance for doubtful accounts, both of which impact the periodic charge against income.

2. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis provides information about the Society's risk exposure and concentration as of March 31, 2014.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from clients with respect to their service fees. In order to reduce its credit risk, the Society reviews a new client's credit history before extending credit and conducts regular reviews of its existing clients' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Society has a significant number of clients which minimizes concentration of credit risk.

ALZHEIMER SOCIETY OF YORK REGION

Notes to Financial Statements

Year Ended March 31, 2014

3. INTERNALLY RESTRICTED FUNDS

Funds have been internally restricted for future expenditures in accordance with guidelines issues by the Board of Directors. The funds are allocated to specific areas as follows:

	<u>2014</u>	<u>2013</u>
Contingency reserve	\$ 130,000	\$ 130,000
Facilities and program expansion	55,000	55,000
	<u>\$ 185,000</u>	<u>\$ 185,000</u>

4. ACCOUNTS RECEIVABLE

	<u>2014</u>	<u>2013</u>
Accounts receivable	\$ 70,462	\$ 83,042
Allowance for doubtful accounts	(2,434)	(2,434)
	<u>\$ 68,028</u>	<u>\$ 80,608</u>

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	<u>2014</u> Net book value	2013 Net book value
Landscaping	\$ 52,946	\$ 31,044	\$ 21,902	\$ 25,031
Leasehold improvements	183,009	134,561	48,448	37,063
Office equipment	136,892	89,395	47,497	57,057
Vehicles	125,749	100,599	25,150	50,300
	<u>\$ 498,596</u>	<u>\$ 355,599</u>	<u>\$ 142,997</u>	<u>\$ 169,451</u>

ALZHEIMER SOCIETY OF YORK REGION

Notes to Financial Statements

Year Ended March 31, 2014

6. DEFERRED REVENUE

Deferred revenue consists of contributions for which the related restrictions remain unfulfilled.

Changes in deferred revenue are as follows:

	<u>2014</u>	<u>2013</u>
Beginning of year	\$ 376,810	\$ 360,660
Add: Restricted funds received		
Fund Development	49,190	20,000
Property and Equipment	<u>123,688</u>	<u>123,355</u>
	549,688	504,015
Less: Restricted funds recognized as revenue		
Fund Development	(41,440)	(4,275)
Property and Equipment	<u>(56,566)</u>	<u>(122,930)</u>
	<u>\$ 451,682</u>	<u>\$ 376,810</u>

Restricted contributions received as part of Fund Development activities for expenses of future periods have been deferred and will be recognized as revenue in the same period as the related expenses are recognized. These receipts represent fees collected in relation to upcoming fundraising events.

Restricted contributions related to purchased property and equipment that will be amortized have been deferred and will be recognized as revenue on the same basis as the amortization expense related to the acquired property and equipment.

Restricted contributions for the future purchase of property and equipment that have not yet been spent have been deferred and will be recognized as revenue on the same basis as the amortization expense related to the acquired property and equipment.

At year end, the balance of deferred revenue is comprised of the following:

Fund Development	\$ 27,750	\$ 20,000
Property and Equipment	<u>423,932</u>	<u>356,810</u>
	451,682	376,810
Less: current portion	<u>(67,269)</u>	<u>(56,193)</u>
	<u>\$ 384,413</u>	<u>\$ 320,617</u>

ALZHEIMER SOCIETY OF YORK REGION

Notes to Financial Statements

Year Ended March 31, 2014

7. COMMITMENTS

For fiscal year 2015, the Society has committed to significant renovations to its newly rented property located in Aurora, to which the Newmarket operation will relocate. Total contractual construction and renovation costs are estimated to reach approximately \$260,000.

The Society is committed under operating leases for the rental of properties in Vaughan, Thornhill (Markham), Newmarket, Georgina and Aurora with varying periods to June 30, 2024. The decrease in annual commitments represents the expiry of existing contractual obligations and not a reduction in anticipated lease costs. The future annual minimum basic lease payments are as follows:

2015	\$	85,750
2016		99,326
2017		83,194
2018		68,068
2019		63,014
Thereafter		<u>349,448</u>
	<u>\$</u>	<u>748,800</u>

8. CENTRAL LOCAL HEALTH INTEGRATION NETWORK FUNDING

The Central Local Health Integration Network ("Central LHIN") provides funding, based on annually approved budgets for fiscal periods ended March 31 for operating purposes. The Central LHIN requires, at its request, that any unspent funding be returned.

There was no unspent annual funding repayable to the Central LHIN as at March 31, 2014 and March 31, 2013.

The Society also received one-time funding for various projects. There is an amount of \$7,022 in unspent funding repayable to the Central LHIN for the year ended March 31, 2014.

9. CHANGES IN NON-CASH WORKING CAPITAL

	<u>2014</u>	<u>2013</u>
Short term investments	\$(44,455)	\$(8,853)
Accounts receivable	12,580	(25,898)
Harmonized sales tax recoverable	(5,204)	2,280
Prepaid expenses	3,135	142,660
Restricted cash and investments	(81,120)	(162,854)
Government remittances payable	2,458	42,061
Accounts payable and accrued liabilities	(22,987)	(5,182)
Current portion of deferred revenue	<u>11,076</u>	<u>23,101</u>
	<u>\$(124,517)</u>	<u>\$ 7,315</u>
