

**Alzheimer Society of Muskoka
Financial Statements
For the year ended March 31, 2018**

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Independent Auditor's Report

To the Members of Alzheimer Society of Muskoka

We have audited the accompanying financial statements of Alzheimer Society of Muskoka as at March 31, 2018, which comprise the statement of financial position, and the statements of operations and 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 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 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 is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Alzheimer Society of Muskoka derives revenue from membership fees, donations and fund raising receipts 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 organization. We were unable to determine whether any adjustments might be necessary to revenues other than grants and government funding, excess of revenues over expenses and cash flows from operations for the years ended March 31, 2018 and March 31, 2017, current assets as at March 31, 2018 and March 31, 2017, and net assets as at April 1 and March 31 for both the 2018 and 2017 years. Our audit opinion on the statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the 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 Muskoka as at March 31, 2018 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.

BDO Canada LLP

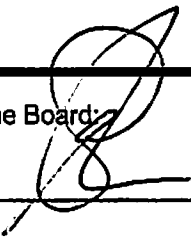
Chartered Professional Accountants, Licensed Public Accountants

Bracebridge, Ontario
June 21, 2018

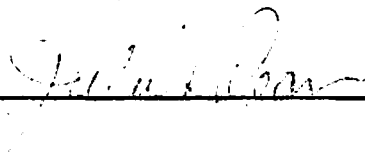
**Alzheimer Society of Muskoka
Statement of Financial Position**

March 31	2018	2017
Assets		
Current		
Cash	\$ 54,396	\$ 57,921
Short-term investments (Note 2)	349,067	328,704
Accounts receivable	6,013	5,065
Prepaid expenses	2,274	2,469
	411,750	394,159
Capital assets (Note 3)	1,016	1,814
	\$ 412,766	\$ 395,973
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 4)	\$ 28,694	\$ 17,474
Deferred contributions (Note 5)	16,716	18,345
	45,410	35,819
Deferred contributions related to capital assets (Note 6)	401	566
	45,811	36,385
Net Assets		
Net assets internally restricted (Note 7)	248,219	248,219
Unrestricted net assets	118,736	111,369
	366,955	359,588
	\$ 412,766	\$ 395,973

On behalf of the Board:



Director



Director

**Alzheimer Society of Muskoka
Statement of Changes in Net Assets**

For the year ended March 31	Internally Restricted	Unrestricted	Total 2018	Total 2017
Balance, beginning of year	\$ 248,219	\$ 111,369	\$ 359,588	\$ 346,423
Excess of revenue over expenses for the year	-	7,367	7,367	13,168
Balance, end of year	\$ 248,219	\$ 118,736	\$ 366,955	\$ 359,591

**Alzheimer Society of Muskoka
Statement of Operations**

For the year ended March 31	2018	2017
Revenue (Fund Type 2)		
Donations	\$ 28,676	\$ 22,151
Provincial grants	130,984	130,984
Recoveries	769	-
Amortization of deferred contributions	138	197
	<u>160,567</u>	<u>153,332</u>
Expenses (Fund Type 2)		
Amortization of capital assets	138	197
Benefit contributions	9,116	9,246
Equipment expenses	3,161	761
Supplies and sundry expenses	30,074	26,007
Buildings and grounds expenses	13,490	13,536
Salaries and wages	104,588	103,585
	<u>160,567</u>	<u>153,332</u>
Excess of revenue over expenses for the year (Fund Type 2)	<u>-</u>	<u>-</u>
Fund Type 3 - Other		
Revenue	86,174	67,679
Expenses	78,807	54,511
Excess of revenue over expenses for the year (Fund Type 3)	<u>7,367</u>	<u>13,168</u>
Excess of revenue over expenses for the year	<u>7,367</u>	<u>13,168</u>

**Alzheimer Society of Muskoka
Statement of Cash Flows**

For the year ended March 31	2018	2017
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 7,367	\$ 13,168
Adjustment for		
Amortization of capital assets	799	658
Amortization of deferred contributions related to capital assets	(165)	(224)
	8,001	13,602
Changes in non-cash working capital balances		
Accounts receivable	(947)	(2,532)
Prepaid expenses	195	(13)
Accounts payable and accrued liabilities	11,218	(8,066)
Deferred contributions	(1,629)	17,081
	16,838	20,072
Investing activities		
Purchase of short-term investments	(20,363)	(45,000)
Decrease in cash during the year	(3,525)	(24,928)
Cash, beginning of year	57,921	82,849
Cash, end of year	\$ 54,396	\$ 57,921

Alzheimer Society of Muskoka

Notes to Financial Statements

March 31, 2018

1. Nature of Operations and Summary of Significant Accounting Policies

i) Nature of Operations

The Alzheimer Society of Muskoka is a not-for-profit organization incorporated without share capital under the laws of Ontario. The organization provides education and research support regarding Alzheimer disease, as well as support for families affected by the disease.

The organization is a registered charity and, as such, is exempt from income tax and may issue tax receipts to donors.

ii) Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

iii) 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.

iv) Contributions Receivable

Contributions receivable are recognized as an asset when the amounts to be received can be reasonably estimated and ultimate collection is reasonably assured.

v) Financial Instruments

Financial Instruments are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist.

**Alzheimer Society of Muskoka
Notes to Financial Statements**

March 31, 2018

vi) Tangible Capital Assets

Purchased tangible capital assets are stated at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution and are amortized, unless fair value is not determinable in which case contributed tangible capital assets are recorded at nominal value at the date of contribution.

Amortization based on the estimated useful life of the asset is calculated as follows:

Computer equipment	- 30% declining balance basis
Equipment and furniture	- 20% declining balance basis
Leasehold improvements	- 20% declining balance basis

vii) Contributed Materials and Services

Contributed materials which are used in the normal course of the organization's operations, and would otherwise have been purchased, are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Alzheimer Society of Muskoka
Notes to Financial Statements

March 31, 2018

2. Short term Investments

The carrying amounts of investments are comprised of the following:

	2018	2017
Royal Bank of Canada, Guaranteed Investment Certificates, non-redeemable, interest at .9%, matured during the year	\$ -	\$ 70,000
Royal Bank of Canada, Guaranteed Investment Certificates, redeemable, interest at 1.25%, matured during the year	-	\$ 25,000
Royal Bank of Canada, Guaranteed Investment Certificates, non-redeemable, interest at 1%, maturing within one year	65,000	\$ 45,000
Royal Bank of Canada, Guaranteed Investment Certificates, redeemable, interest at 1.45% (2018 - 1.2%), maturing within one year	188,704	\$ 188,704
Royal Bank of Canada, Guaranteed Investment Certificates, redeemable, interest at 1.45%, maturing within one year	25,363	-
Royal Bank of Canada, Guaranteed Investment Certificates, redeemable, interest at 1.6%, maturing within one year	70,000	-
	\$ 349,067	\$ 328,704

The organization is exposed to credit risk arising from all of its bank accounts and short-term deposits being held at one financial institution and deposits are only insured up to \$100,000.

The organization is exposed to fair value risk on its short-term deposits which earn interest at fixed rates. The fair value will fluctuate because of changes in market rates.

Alzheimer Society of Muskoka
Notes to Financial Statements

March 31, 2018

3. Capital Assets

	2018		(Note 3) 2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 5,458	\$ 4,658	\$ 5,458	\$ 4,315
Equipment and furniture	6,546	6,330	6,546	6,277
Leasehold improvements	6,505	6,505	6,505	6,103
	\$ 18,509	\$ 17,493	\$ 18,509	\$ 16,695
Net book value		\$ 1,016		\$ 1,814

4. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is \$5,217 (2017 - \$2,839) in government remittances payable.

5. Deferred Contributions

Deferred contributions represent restricted contributions received in the current period, for the Finding Your Way, Music and Memory and Minds in Motion programs, as well as funding received from the District of Muskoka that relates to the subsequent period. Changes in deferred contribution balances are as follows:

	2018	2017
Balance, beginning of year	\$ 18,345	\$ 1,265
Contributions received during the year	12,729	22,080
Contributions recognized as revenue in the year	(14,358)	(5,000)
Balance, end of year	\$ 16,716	\$ 18,345

Alzheimer Society of Muskoka
Notes to Financial Statements

March 31, 2018

6. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions used to purchase capital assets. The changes in the deferred contributions balance for the period are as follows:

	2018	2017
Balance, beginning of year	\$ 566	\$ 789
Less: amounts amortized to revenue Fund Type 2	(138)	(197)
Less: amounts amortized to revenue Fund Type 3	(27)	(26)
	\$ 401	\$ 566

7. Net Assets Internally Restricted

In 2001, the Board of Directors internally restricted funds from unrestricted assets to be used for contingency purposes.

In 2015, the Board of Directors internally restricted funds received in 2014 from a bequest, for the purposes of the implementation of a five year strategic plan.

The total amount of internally restricted net assets at March 31, 2018 is as follows:

	2018	2017
Internally restricted for contingency purposes	\$ 59,518	\$ 59,518
Internally restricted for five year strategic plan	188,701	188,701
	\$ 248,219	\$ 248,219

These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

8. Commitments

The organization has leased premises for which the minimum annual lease payments, including contribution to operating costs, realty taxes, payments for utilities and other amounts, over the next three years are approximately as follows:

Year	Amount
2019	\$ 13,860
2020	13,860
2021	12,705

Alzheimer Society of Muskoka
Notes to Financial Statements

March 31, 2018

9. Economic Dependence

The organization obtained a commitment from the Ministry of Health and Long-Term Care for continued funding on an annual basis to provide for salaries and related costs for education and volunteer management.

Approximately 50% (2017 - 59%) of the organization's current revenue is received from the Ministry of Health and Long-Term Care. The continuation of some of the programs is dependent on this funding.

As the organization does not have long-term expenditure commitments, it could continue at a reduced service level without this funding.
