

ALZHEIMER SOCIETY OF NOVA SCOTIA
FINANCIAL STATEMENTS
MARCH 31, 2023

**ALZHEIMER SOCIETY OF NOVA SCOTIA
INDEX
MARCH 31, 2023**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of:
Alzheimer Society Of Nova Scotia

Qualified Opinion

We have audited the financial statements of **Alzheimer Society of Nova Scotia** ("the Society"), which comprise the statement of financial position as at March 31, 2023 and the statements of operations and 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2023, and 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 Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from various sources including donations and fundraising activities, 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 revenues, excess (deficiency) of revenues over expenses, assets and net assets for the years ended March 31, 2023 and March 31, 2022.

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 Society 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.

Other Matter

The financial statements of the Society for the year ended March 31, 2022, were audited by another accountant who expressed an modified opinion on those statements on June 16, 2022.

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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

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 Society'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 Society'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 Society 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.

Dartmouth, Nova Scotia
October 3, 2023

Baker Tilly Nova Scotia Inc

Chartered Professional Accountants

ALZHEIMER SOCIETY OF NOVA SCOTIA
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2023

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| | 2023 | 2022 |
|--|-------------------------|-------------------------|
| | \$ | \$ |
| REVENUES | | |
| Donations | | |
| Individual | 889,449 | 723,753 |
| Corporate and foundation | 187,881 | 111,745 |
| Alzheimer Society of Canada | 262,380 | 336,901 |
| Government | | |
| Government programs and services | 1,396,200 | 1,396,200 |
| Government wage subsidies | 6,776 | 3,518 |
| Administrative | | |
| Investment interest | 32,526 | 28,315 |
| Miscellaneous income | <u>32,605</u> | <u>20,124</u> |
| | <u>2,807,817</u> | <u>2,620,556</u> |
| EXPENSES | | |
| Programs and services | 1,953,318 | 1,816,463 |
| Fundraising | 604,984 | 563,013 |
| Administration | 209,304 | 204,342 |
| Research | <u>65,074</u> | <u>100,870</u> |
| | <u>2,832,680</u> | <u>2,684,688</u> |
| DEFICIENCY OF REVENUES OVER EXPENSES BEFORE OTHER INCOME (LOSS) | (<u>24,863</u>) | (<u>64,132</u>) |
| OTHER INCOME (LOSS) | | |
| Realized gain on investments | 85,876 | 88,633 |
| Unrealized gain (loss) on investments | (<u>112,788</u>) | <u>17,020</u> |
| | (<u>26,912</u>) | <u>105,653</u> |
| (DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES | (<u>51,775</u>) | 41,521 |
| NET ASSETS - beginning of year | <u>1,855,052</u> | <u>1,813,531</u> |
| NET ASSETS - end of year | <u><u>1,803,277</u></u> | <u><u>1,855,052</u></u> |

**ALZHEIMER SOCIETY OF NOVA SCOTIA
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023**

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| | 2023 | 2022 |
|---|-------------------------|-------------------------|
| | \$ | \$ |
| ASSETS | | |
| CURRENT | | |
| Cash | 1,130,741 | 1,064,571 |
| Accounts receivable (Note 4) | 68,514 | 199,843 |
| Inventory | 2,954 | 2,954 |
| Prepays | 4,380 | 362 |
| Due from Alzheimer Society of Canada | <u>-</u> | <u>5,946</u> |
| | 1,206,589 | 1,273,676 |
| INVESTMENTS (Note 5) | 1,474,738 | 1,474,120 |
| TANGIBLE CAPITAL ASSETS (Note 6) | <u>38,103</u> | <u>39,206</u> |
| | <u>2,719,430</u> | <u>2,787,002</u> |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | 94,817 | 106,870 |
| Deferred revenue (Note 7) | 817,854 | 825,080 |
| Due to Alzheimer Society of Canada (Note 8) | <u>3,482</u> | <u>-</u> |
| | <u>916,153</u> | <u>931,950</u> |
| NET ASSETS | | |
| UNRESTRICTED | <u>1,803,277</u> | <u>1,855,052</u> |
| COMMITMENTS (Note 9) | <u>2,719,430</u> | <u>2,787,002</u> |

Approved by the Board


_____ Director


_____ Director

**ALZHEIMER SOCIETY OF NOVA SCOTIA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023**

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| | 2023 | 2022 |
|---|-------------------------|-------------------------|
| | \$ | \$ |
| CASH PROVIDED BY (USED FOR): | | |
| OPERATING | | |
| (Deficiency) excess of revenues over expenses | (51,775) | 41,521 |
| Items not affecting cash | | |
| Amortization | 8,759 | 8,711 |
| Realized gain on investments | (85,876) | (88,633) |
| Unrealized loss (gain) on investments | <u>112,788</u> | <u>(17,020)</u> |
| | (16,104) | (55,421) |
| Changes in non-cash working capital items | | |
| Accounts receivable | 131,329 | (66,189) |
| Prepays | (4,018) | 534 |
| Accounts payable and accrued liabilities | (12,054) | (3,286) |
| Deferred revenue | (7,225) | 224,142 |
| Due to Alzheimer Society of Canada | <u>9,428</u> | <u>26,885</u> |
| | <u>101,356</u> | <u>126,665</u> |
| INVESTING | | |
| Acquisition of investments | (355,331) | (12,223) |
| Proceeds on disposal of investments | 327,801 | - |
| Acquisition of tangible capital assets | <u>(7,656)</u> | <u>(29,377)</u> |
| | <u>(35,186)</u> | <u>(41,600)</u> |
| CHANGE IN CASH | 66,170 | 85,065 |
| CASH - beginning of year | <u>1,064,571</u> | <u>979,506</u> |
| CASH - end of year | <u><u>1,130,741</u></u> | <u><u>1,064,571</u></u> |

1. NATURE OF OPERATIONS

The Alzheimer Society of Nova Scotia (the "Society") is a voluntary, not-for-profit charitable organization registered under the Societies Act of Nova Scotia in February, 1983. The purpose of the Society is to work towards alleviating the personal and social consequences of Alzheimer disease and related dementias and to promote the research for the causes and cures.

The Society has united with other provincial societies and the national society through a Federation Agreement signed in November 2008 to increase cooperation in programs directed towards research, education, awareness, communications and development.

The Society is a registered charity and thus is exempt from income taxes under section 149.1 (l) of the Income Tax Act ("the Act"). Accordingly, no provision has been made in the accounts for income taxes. In order to maintain its status as a registered charity under the Act, the Association must meet certain requirements within the Act. In the opinion of management these requirements have been met.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Cash

Cash consists of bank balances held with financial institutions.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Tangible capital assets

Capital assets are recorded at cost. Amortization is provided for using the following rates and methods over the estimated useful lives as follows:

| | | |
|------------------------|---------------|-------------------|
| Furniture | 20% | Declining balance |
| Equipment | 30% | Declining balance |
| Leasehold improvements | Term of lease | Straight line |

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of long-lived assets

Long-lived assets are reviewed for impairment annually. When conditions indicate long-lived asset no longer contributes to the Society's ability to provide services or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount, its net carrying amount is written down to its fair value or replacement cost.

Revenue recognition

The Society follows the deferral method of accounting for restricted 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.

Investment income included interest, dividends and realized gains or losses on investments. Interest income is recorded using the accrual method and dividends are recorded when declared.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates are used when accounting for items and matters such as allowance for uncollectable accounts receivable, inventory obsolescence, useful lives of tangible capital assets, certain accrued liabilities, and allocation of expenses. Actual results could differ from those estimates.

Allocation of expenses

The Society engages in revenue development, support services, information and resource services, educational programs, community outreach, research and administration programs. The costs of each program includes the costs of payroll and human resources and other expenses that are directly related to providing the program. The Society also incurs a number of general support expenses that are common to the administration of the Society and each of its programs.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allocation of expenses (Continued)

The policy for allocating expenditures is based on the percentage of personnel's time that are required in each program area. Expenditures that are directly related to a specific program are recorded directly to that program.

Financial instruments

Measurement of financial instruments

The Society initially measures its financial assets and financial liabilities at fair value, except related party transactions which are recorded at the exchange amount agreed upon by the related parties.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value and related party transactions which are measured at their carrying value.. Changes in fair value are recognized in (deficiency) excess of revenues over expenses.

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

Financial assets measured at fair value include investments.

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

Financial liabilities measured at carrying value include payable to Alzheimer Society of Canada.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in (deficiency) excess of revenues over expenses. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of any reversal is recognized in (deficiency) excess of revenues over expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Risks and concentrations

The Society is exposed to various risks through its financial instruments. The following analysis provides a measure of the Society's risk exposure and concentrations at March 31, 2023.

It is management's opinion that the Society is not exposed to significant currency, or interest rate risks from its financial instruments. The risks arising on financial instruments are limited to the following:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Society to concentrations of credit risk consist of cash and accounts receivable. The Society deposits its cash in reputable financial institutions and therefore believes the risk of loss to be remote. The Society is exposed to credit risk from accounts receivable. A provision for impairment of accounts receivable is established when there is objective evidence that the Society will not be able to collect all amounts due.

Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Society generates sufficient cash flow from operating activities to fund operations and fulfill obligations as they become due. Financing facilities are in place should cash requirements exceed cash generated from operations.

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 market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Society is mainly exposed to other price risk.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society mitigates this risk by having an approved investment policy outlining an approved target asset mix and through the use of an investment manager for the investment portfolio.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and where the materials are used in the normal course of the Society's operations and would otherwise have been purchased.

The Society benefits from donated services in the form of volunteer time for various programs and objectives of the Society. Due to the difficulty of determining their fair value, these contributed services are not recognized in these financial statements.

3. BANK OVERDRAFT LIMIT

The Society has an overdraft limit with the Bank of Montreal authorized in the amount of \$50,000, secured by the Guaranteed Investment Certificates, bearing interest at the Bank's prime rate plus NIL% per annum. At March 31, 2023 the balance on the operating line of credit was \$NIL (2022 - \$NIL).

4. ACCOUNTS RECEIVABLE

| | 2023 | 2022 |
|---------------------------------|--------|---------|
| | \$ | \$ |
| Government funding | - | 132,840 |
| Public Bodies HST rebate | 64,626 | 65,253 |
| Other receivables | 3,888 | 1,750 |
| Allowance for doubtful accounts | - | - |
| | 68,514 | 199,843 |

**ALZHEIMER SOCIETY OF NOVA SCOTIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

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| 5. INVESTMENTS | 2023 | 2022 |
|------------------------------------|-------------------------|------------------|
| | \$ | \$ |
| Seamark Investment Fund | 1,396,398 | 1,396,201 |
| Guaranteed Investment Certificates | 76,884 | 76,463 |
| Life Insurance Policy | <u>1,456</u> | <u>1,456</u> |
| | <u>1,474,738</u> | <u>1,474,120</u> |

The Guaranteed Investment Certificates are held with Canadian Chartered Banks at rates of 0.35% for year 1 and 0.55% for year 2 and have maturity dates in November 2023.

6. TANGIBLE CAPITAL ASSETS

| | Cost | Accumulated Amortization | Net 2023 | Net 2022 |
|------------------------|----------------|-----------------------------|----------------------|---------------|
| | \$ | \$ | \$ | \$ |
| Equipment | 108,798 | 88,888 | 19,910 | 19,146 |
| Furniture and fixtures | 30,236 | 28,869 | 1,367 | 1,709 |
| Leasehold improvements | <u>41,948</u> | <u>25,122</u> | <u>16,826</u> | <u>18,351</u> |
| | <u>180,982</u> | <u>142,879</u> | <u>38,103</u> | <u>39,206</u> |

7. DEFERRED REVENUE

Deferred contributions consist of unspent externally restricted contributions. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

| | Opening balance | Additional funds received | Funds recognized as revenue | 2023 |
|-----------------------|--------------------|------------------------------|-----------------------------------|-----------------------|
| | \$ | \$ | \$ | \$ |
| Programs and services | 263,118 | - | 257,818 | 5,300 |
| Fundraising | 1,958 | 6,017 | 1,958 | 6,017 |
| Research | <u>560,004</u> | <u>311,397</u> | <u>64,864</u> | <u>806,537</u> |
| | <u>825,080</u> | <u>317,414</u> | <u>324,640</u> | <u>817,854</u> |

**ALZHEIMER SOCIETY OF NOVA SCOTIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

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8. ALZHEIMER SOCIETY OF CANADA TRANSACTIONS

All funds received by Alzheimer Society of Canada ("ASC") are distributed to the provincial Alzheimer Society in the province and/or territory from which the funds originated. The ASC is funded by the provinces through research and operating assessment fees.

| | 2023 | 2022 |
|---|----------------|----------------|
| | \$ | \$ |
| REVENUES | | |
| Memorials, bequests and general donations | 20,120 | 46,656 |
| IG Wealth Management walk sponsorship | 47,626 | 56,043 |
| Health Partners | 12,629 | 14,474 |
| Direct marketing | 182,005 | 184,028 |
| Research (other than direct marketing) | <u>-</u> | <u>35,700</u> |
| | <u>262,380</u> | <u>336,901</u> |
| EXPENSES | | |
| Fundraising | 135,550 | 120,909 |
| Administration | 52,609 | 56,459 |
| Research | <u>30,076</u> | <u>60,497</u> |
| | <u>218,235</u> | <u>237,865</u> |
| | <u>44,145</u> | <u>99,036</u> |

As at March 31, 2023, the Society had a balance owing to ASC of \$3,482 (2022-\$5,946 receivable).

9. COMMITMENTS

The Society has various commitments through leases of the office premise and office equipment, and technical support contracts for management and database systems. Future minimum lease payments over the next five years are as follows:

| | \$ |
|------|---------|
| 2024 | 175,519 |
| 2025 | 177,022 |
| 2026 | 4,134 |
| 2027 | 4,134 |
| 2028 | 4,134 |

**ALZHEIMER SOCIETY OF NOVA SCOTIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

10. ALLOCATION OF EXPENSES

The Society's accounting policy is to charge expenses to the appropriate functional department or to a supporting activity. Expenses that serve multiple functional departments or are not readily identifiable with one function such as wages, telephone and technology and rent, shall be allocated based percentage of personnel's time as follows:

| | |
|----------------------|-----|
| Program and services | 63% |
| Fundraising | 13% |
| Administration | 22% |
| Research | 2% |

| | Programs and services | Fundraising | Administration | Research |
|----------------------------|--------------------------|----------------|----------------|---------------|
| | \$ | \$ | \$ | \$ |
| General and administration | 360,525 | 78,698 | 66,534 | 7,205 |
| Salaries and benefits | 1,432,697 | 344,130 | 107,072 | 9,734 |
| Programs and projects | 135,238 | 41,476 | 13,868 | 17,268 |
| ASC assessments | <u>24,858</u> | <u>140,680</u> | <u>21,830</u> | <u>30,867</u> |
| | <u>1,953,318</u> | <u>604,984</u> | <u>209,304</u> | <u>65,074</u> |