

Alzheimer Society Peel
Financial Statements
For the year ended March 31, 2019

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Independent Auditor's Report

To the Board of Directors of Alzheimer Society Peel

Qualified Opinion

We have audited the accompanying financial statements of Alzheimer Society Peel (the "Society") which comprise the statement of financial position as at March 31, 2019, and the statements of changes in fund balances, operations 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, 2019, and its results of 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 charitable organizations, the entity derives revenues from fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to revenues from fundraising or donations, excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and fund balances as at April 1 and March 31 for both 2019 and 2018 years. Our opinion on the financial statements for the year ended March 31, 2018 was modified as modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's 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 qualified audit opinion.

Responsibilities of Management and Those Charged with Governance 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.

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 Organization 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.

Independent Auditor's Report (continued)

Auditor's 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 auditor's 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 auditor's 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 auditor's 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Mississauga, Ontario
May 28, 2019

**Alzheimer Society Peel
Statement of Financial Position**

March 31 **2019** **2018**

Assets

Current

Cash	\$ 2,006,511	\$ 828,902
Accounts receivable	218,790	249,577
Prepaid expenses	78,505	42,550

2,303,806 1,121,029

Investments (Note 2) **1,049,480** 1,037,148

Capital assets (Note 4) **958,660** 1,097,975

\$ 4,311,946 **\$ 3,256,152**

Liabilities and Fund Balances

Current

Accounts payable and accrued liabilities (Note 3)	\$ 1,780,465	\$ 869,727
Deferred revenue	15,247	-

1,795,712 869,727

Deferred capital contributions (Note 5) **444,370** 515,299

2,240,082 1,385,026

Fund balances

Internally restricted fund	1,315,000	1,000,000
Unrestricted fund	242,574	288,450
Funds invested in capital assets (Note 6)	514,290	582,676

2,071,864 1,871,126

\$ 4,311,946 **\$ 3,256,152**

On behalf of the Board:

_____ Director

_____ Director

Alzheimer Society Peel
Statement of Changes in Fund Balances

For the year ended March 31

	Internally Restricted Fund	Unrestricted Fund	Invested in Capital Assets (Note 6)	Total 2019	Total 2018
Fund balance , beginning of year	\$1,000,000	\$ 288,450	\$ 582,676	\$ 1,871,126	\$ 1,842,044
Excess (deficiency) of revenue over expenses for the year	-	269,124	(68,386)	200,738	29,082
Transfer to Internally Restricted Fund	315,000	(315,000)	-	-	-
Fund balance , end of year	\$1,315,000	\$ 242,574	\$ 514,290	\$ 2,071,864	\$ 1,871,126

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

Alzheimer Society Peel Statement of Operations

For the year ended March 31

	General	LHINs	Total 2019	Total 2018
Revenue				
Local Health Integration Networks	\$ -	\$ 9,701,658	\$ 9,701,658	\$ 8,820,620
Client fees	-	763,604	763,604	789,563
Fundraising and other	431,706	26,457	458,163	844,545
Donations	18,363	46,656	65,019	109,107
Travel fees	-	2,252	2,252	19,308
Memoriam	-	45,473	45,473	43,294
Investment income	20,488	1,429	21,917	10,124
	470,557	10,587,529	11,058,086	10,636,561
Expenses				
Wages and benefits	109,940	7,067,492	7,177,432	6,423,274
Contract service	-	1,959,358	1,959,358	2,459,279
Occupancy	6,949	723,104	730,053	680,114
Office	15,532	320,132	335,664	304,305
Meals	-	161,373	161,373	166,867
Printing and literature	2,159	73,021	75,180	73,249
Promotion and fundraising	61,093	3,252	64,345	91,920
Program supplies	1,997	54,826	56,823	67,115
One-time spending	1,709	48,844	50,553	80,498
Client transportation	-	47,333	47,333	70,125
Administrative and professional fees	154	44,185	44,339	32,044
Travel	1,668	42,547	44,215	35,986
Conferences	232	28,790	29,022	20,869
Bad debts	-	13,272	13,272	1,719
Loss of disposal of capital assets	-	-	-	12,100
	201,433	10,587,529	10,788,962	10,519,464
Excess of revenue over expenses before undernoted items	269,124	-	269,124	117,097
Other income (expenses)				
Amortization	(76,949)	(62,366)	(139,315)	(158,762)
Deferred capital contributions	8,563	62,366	70,929	70,747
Excess of revenue over expenses	\$ 200,738	\$ -	\$ 200,738	\$ 29,082

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

Alzheimer Society Peel Statement of Cash Flows

For the year ended March 31	2019	2018
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	\$ 200,738	\$ 29,082
Adjustments required to reconcile excess (deficiency) of revenue over expenses with net cash provided by operating activities		
Amortization	139,315	158,762
Deferred capital contributions	(70,929)	(70,747)
Loss on disposal of capital assets	-	12,100
Changes in non-cash working capital balances		
Accounts receivable	30,787	(56,152)
Prepaid expenses	(35,955)	10,567
Accounts payable and accrued liabilities	910,738	89,706
Deferred revenue	15,247	(6,735)
	1,189,941	166,583
Investing activities		
Purchase of capital assets	-	(61,097)
Purchase of investments	(198,321)	(303,469)
Redemption of investments	185,989	293,511
Proceeds on sale of capital assets	-	43,500
	(12,332)	(27,555)
Financing activity		
Deferred capital contributions received	-	61,097
	1,177,609	200,125
Increase in cash during the year	1,177,609	200,125
Cash, beginning of year	828,902	628,777
Cash, end of year	\$ 2,006,511	\$ 828,902

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

Alzheimer Society Peel

Notes to Financial Statements

March 31, 2019

1. Summary of Significant Accounting Policies

Purpose of the Organization

The Alzheimer Society Peel (the "Society") is a non-profit corporation, incorporated under the laws of Ontario. Its mission is to alleviate the personal and social consequences of Alzheimer's disease and related dementias; to help find a cause, prevention and cure. The Society serves the Region of Peel through an office in Mississauga and locations throughout the region.

The Society is registered as a charitable organization, is exempt from income tax and is able to issue income tax receipts for donations.

Basis of Accounting

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

Statement of Operations Presentation

Revenues and expenses related to programs funded by the Mississauga Halton and Central West Local Health Integration Networks ("LHINs") are reflected in the LHINs column. The programs include five adult day program centres, respite care, counselling and education. Any revenue that has not been spent by March 31 is repayable to the LHINs unless specific approval has been received to defer the unspent balance.

Revenues and expenses related to general Society administration and governance, fundraising and programs not funded by the LHINs are reflected in the General column.

Revenue Recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year the related expense is incurred. Unrestricted contributions are recognized as revenue when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured. Deferred revenue relates to grants received in advance for programs taking place in the next fiscal year.

Revenue from memoriam, fundraising and donations is recognized when received.

Client and travel fees are recognized when the services are provided.

Investment income includes interest and is recognized on an accrual basis when earned.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, all financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost.

Alzheimer Society Peel Notes to Financial Statements

March 31, 2019

1. Summary of Significant Accounting Policies (continued)

Contributed Goods and Services

Goods

The Society reflects contributions of goods at fair value when the fair value can be reasonably estimated, the goods will be used in normal activities and would otherwise have been purchased. Goods of \$6,384 were contributed during the year (2018 - \$10,404).

Services

Volunteers contribute time to assist the Society in carrying out its programs. As a result of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

Use of Estimates

The preparation of financial statements in conformity 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Capital Assets

Capital assets are recorded at cost less accumulated amortization. The Society provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Alarm systems and telephone	- 10 years
Computers	- 3 years
Furniture and equipment	- 5 and 10 years
Leasehold improvements	- over term of lease
Respite home - building	- 25 years
Vehicles	- 10 years

The estimated useful lives of capital assets are reviewed by management and adjusted if necessary.

Funds

The Funds Invested in Capital Assets represents funds used for the acquisition of capital assets. All amortization of capital assets is charged to this account.

The Internally Restricted Fund was established for general operating contingencies and unforeseen future expenditures. The funds are not available for use by the Society without the prior approval of the Board of Directors. The Board of Directors approved a transfer of \$315,000 from the Unrestricted Fund to the Internally Restricted Fund.

Alzheimer Society Peel Notes to Financial Statements

March 31, 2019

2. Investments

	2019	2018
Cash and cash equivalents	\$ 122,937	\$ 208,121
Daimler CDA, \$50,000, November 2020, bearing interest at 2.30% annually	49,650	-
Enbridge, \$53,000, June 2023, bearing interest at 3.90% annually	54,499	-
Escalating GIC, June 2019, bearing interest at 0.87% annually	13,586	13,586
Financement Quebec, \$100,000, December 2019, bearing interest at 2.45% annually	100,021	100,431
HSBC Bank, \$50,000, July 2020, bearing interest at 1.816% annually	49,540	-
HTC GIC, \$100,000 July 2019, bearing interest at 2.23% annually	100,000	-
HTC GIC, \$100,000 July 2018, bearing interest at 2.5% annually	-	100,000
Province of Alberta, \$100,000, September 2022, bearing interest at 1.60% annually	97,853	97,320
Province of British Columbia, \$100,000, December 2020, bearing interest at 3.70% annually	104,011	107,957
Province of Ontario, \$100,000, September 2018, bearing interest at 2.10% annually	-	100,805
Province of Ontario, \$100,000, September 2019, bearing interest at 2.10% annually	99,717	102,544
Province of Ontario, \$100,000, March 2022, bearing interest at 1.35% annually	99,243	98,880
Province of New Brunswick, \$100,000, December 2021, bearing interest at 3.35% annually	104,957	107,504
Telus Corp, \$53,000, March 2023, bearing interest at 3.35% annually	53,466	-
	\$ 1,049,480	\$ 1,037,148

**Alzheimer Society Peel
Notes to Financial Statements**

March 31, 2019

3. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$88,121 (2018 - \$71,238).

4. Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
LHINs programs				
Leasehold improvements	\$ 651,561	\$ 301,147	\$ 651,561	\$ 246,131
Alarm systems and telephone	96,854	85,256	96,854	79,407
Furniture and equipment	111,495	105,573	111,495	104,072
Computer	67,297	67,297	67,297	67,297
	927,207	559,273	927,207	496,907
Trillium funded				
Respite home - building	144,836	69,612	144,836	62,370
Alarm system	13,214	12,002	13,214	10,681
	158,050	81,614	158,050	73,051
Music for Memories				
Equipment	6,778	6,778	6,778	6,778
Other				
Respite home - building	605,204	347,845	605,204	322,686
Vehicles	133,936	117,880	133,936	104,486
Leasehold improvements	339,670	204,607	339,670	177,980
Respite home - land	100,476	-	100,476	-
Furniture and equipment	93,522	89,926	93,522	88,619
Alarm system and telephone	30,578	30,579	30,578	30,578
Computer	20,649	18,908	20,649	17,010
	1,324,035	809,745	1,324,035	741,359
	\$ 2,416,070	\$ 1,457,410	\$ 2,416,070	\$ 1,318,095
Net book value		\$ 958,660		\$ 1,097,975

Alzheimer Society Peel Notes to Financial Statements

March 31, 2019

5. Deferred Capital Contributions

Deferred capital contributions represents funding received for capital asset acquisitions that are being amortized.

Revenue is recognized over the life of the capital assets on the same basis as amortization. Accordingly, deferred capital contributions equal the corresponding net book value of funded capital assets.

	Trillium	LHINs	2019	2018
Balance , beginning of year	\$ 84,999	\$ 430,300	\$ 515,299	\$ 524,949
Amortization of deferred capital contributions	(8,563)	(62,366)	(70,929)	(70,747)
Funding received	-	-	-	61,097
Balance , end of year	\$ 76,436	\$ 367,934	\$ 444,370	\$ 515,299

6. Funds Invested in Capital Assets

Funds invested in capital assets consists of the following:

	2019	2018
Capital assets	\$ 958,660	\$ 1,097,975
Deferred capital contributions	(444,370)	(515,299)
	\$ 514,290	\$ 582,676

The following capital asset activity has been reflected in the statement of changes in fund balances:

	2019	2018
Amortization of capital assets	\$ (139,315)	\$ (158,762)
Amortization of deferred capital contributions	70,929	70,747
Loss on disposal of capital assets	-	(12,100)
	\$ (68,386)	\$ (100,115)

7. Economic Dependence

Funding provided by the LHINs accounted for 88% (2018 - 83%) of program revenue. Continuation of many of these programs would be in doubt if funding were reduced. Funding is renewed annually.

Alzheimer Society Peel Notes to Financial Statements

March 31, 2019

8. Commitments

Operating leases

The Society has entered into property leases as follows:

- Mississauga - from November 1, 2017 to October 31, 2022 with monthly payments ranging from \$7,538 to \$9,163.
- Brampton - from April 1, 2018 to March 31, 2021 with monthly payments of \$7,051
- Meadowvale - from February 1, 2016 to January 31, 2021 with monthly payments ranging from \$2,861 to \$3,040
- Brunel Road - from January 1, 2010 to December 31, 2024 with monthly payments ranging from \$9,167 to \$12,375

In addition to the above are charges for common expenses, property taxes and HST.

The Society has also entered into several leases for office equipment totalling \$3,080 per month. The leases expire from September 1, 2020 to July 1, 2022.

The commitments for leases for the next five years and thereafter are as follows:

2020	\$ 375,090
2021	374,760
2022	267,586
2023	212,459
2024	146,735
Thereafter	<u>111,375</u>
Total	<u>\$ 1,488,005</u>

9. Financial Instruments

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Society manages its investments to ensure funds are available when needed. The investment policy is primarily directed to reduce risk and interest earned is of secondary importance. The Society therefore believes its exposure to interest rate risk is minimal. There were no changes in risk from the prior year.

10. Comparative Figures

Certain comparative figures have been reclassified to conform with the method of presentation adopted for the current year.