

**Alzheimer Society Peel
Financial Statements
For the year ended March 31, 2020**

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Independent Auditor's Report

To the Directors of Alzheimer Society Peel

Qualified Opinion

We have audited the financial statements of Alzheimer Society Peel (the "Society") which comprise the statement of financial position as at March 31, 2020, 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, 2020, 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 Society 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, 2020 and 2019, current assets as at March 31, 2020 and 2019, and fund balances as at April 1 and March 31 for both 2020 and 2019 years. Our opinion on the financial statements for the year ended March 31, 2019 was 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 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.

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
July 6, 2020

**Alzheimer Society Peel
Statement of Financial Position**

March 31 **2020** **2019**

Assets

Current

Cash	\$ 2,561,295	\$ 2,006,511
Accounts receivable	172,905	218,790
Prepaid expenses	48,089	78,505
	2,782,289	2,303,806

Investments (Note 2)	1,351,972	1,049,480
Capital assets (Note 4)	817,266	958,660
	\$ 4,951,527	\$ 4,311,946

Liabilities and Fund Balances

Current

Accounts payable and accrued liabilities (Note 3)	\$ 2,226,722	\$ 1,780,465
Deferred revenue	14,103	15,247
	2,240,825	1,795,712

Deferred capital contributions (Note 5)	373,758	444,370
	2,614,583	2,240,082

Fund balances

Internally restricted fund	1,465,000	1,315,000
Unrestricted fund	428,436	242,574
Funds invested in capital assets (Note 6)	443,508	514,290
	2,336,944	2,071,864

	\$ 4,951,527	\$ 4,311,946
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On behalf of the Board of Directors



Barry Leslie, President and Director



Barry Nowoselski, Treasurer and 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 2020	Total 2019
Fund balances , beginning of year	\$1,315,000	\$ 242,574	\$ 514,290	\$ 2,071,864	\$ 1,871,126
Excess (deficiency) of revenue over expenses for the year	-	335,862	(70,782)	265,080	200,738
Transfer to Internally Restricted Fund	150,000	(150,000)	-	-	-
Fund balances , end of year	\$1,465,000	\$ 428,436	\$ 443,508	\$ 2,336,944	\$ 2,071,864

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 2020	Total 2019
Revenue				
Local Health Integration Networks	\$ -	\$ 10,305,319	\$ 10,305,319	\$ 9,701,658
Client fees	-	800,145	800,145	765,856
Fundraising and other	416,003	52,407	468,410	458,163
Donations	81,102	64,790	145,892	65,019
Memoriam	66,810	1,309	68,119	45,473
Investment income	57,246	4,843	62,089	21,917
	621,161	11,228,813	11,849,974	11,058,086
Expenses				
Wages and benefits	218,813	7,181,990	7,400,803	7,177,432
Contract service	-	2,374,992	2,374,992	1,959,358
Occupancy	10,008	723,458	733,466	730,053
Office	17,096	296,551	313,647	335,664
Meals	-	149,151	149,151	161,373
Printing and literature	2,291	132,937	135,228	75,180
Administrative and professional fees	200	110,254	110,454	44,339
Program supplies	1,449	104,708	106,157	56,823
Travel	1,104	56,635	57,739	44,215
Promotion and fundraising	37,750	3,631	41,381	64,345
Client transportation	-	33,631	33,631	47,333
Conferences	141	29,692	29,833	29,022
One-time spending	447	26,120	26,567	50,553
Bad debts	-	5,063	5,063	13,272
Loss on disposal of capital assets	2,011	-	2,011	-
	291,310	11,228,813	11,520,123	10,788,962
Excess of revenue over expenses before undernoted items	329,851	-	329,851	269,124
Other income (expenses)				
Amortization	(73,334)	(62,049)	(135,383)	(139,315)
Deferred capital contributions	8,563	62,049	70,612	70,929
Excess of revenue over expenses	\$ 265,080	\$ -	\$ 265,080	\$ 200,738

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

Alzheimer Society Peel Statement of Cash Flows

For the year ended March 31	2020	2019
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	\$ 265,080	\$ 200,738
Adjustments required to reconcile excess of revenue over expenses with net cash provided by operating activities		
Amortization	135,383	139,315
Deferred capital contributions	(70,612)	(70,929)
Loss on disposal of capital assets	2,011	-
Changes in non-cash working capital balances		
Accounts receivable	45,885	30,787
Prepaid expenses	30,416	(35,955)
Accounts payable and accrued liabilities	446,257	910,738
Deferred revenue	(1,144)	15,247
	853,276	1,189,941
Investing activities		
Purchase of investments	(835,056)	(198,321)
Redemption of investments	532,564	185,989
Proceeds on disposal of capital assets	4,000	-
	(298,492)	(12,332)
Increase in cash during the year	554,784	1,177,609
Cash, beginning of year	2,006,511	828,902
Cash, end of year	\$ 2,561,295	\$ 2,006,511

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

Alzheimer Society Peel

Notes to Financial Statements

March 31, 2020

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, equities are recorded at fair value, with all other financial instruments 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, 2020

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 \$Nil were contributed during the year (2019 - \$6,384).

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 \$150,000 (2019 - \$315,000) from the Unrestricted Fund to the Internally Restricted Fund.

Alzheimer Society Peel Notes to Financial Statements

March 31, 2020

2. Investments

	2020	2019
Cash and cash equivalents	\$ 176,335	\$ 122,937
Daimler CDA, \$50,000, November 2020, bearing interest at 2.30% annually	50,000	49,650
Enbridge, \$53,000, June 2023, bearing interest at 3.90% annually	54,134	54,499
Escalating GIC, June 2022, bearing interest at 0.75% annually	13,395	-
Escalating GIC, June 2019, bearing interest at 0.87% annually	-	13,586
Financement Quebec, \$100,000, December 2019, bearing interest at 2.45% annually	-	100,021
HSBC Bank, \$50,000, July 2020, bearing interest at 1.816% annually	49,979	49,540
HTC GIC, \$100,000 July 2019, bearing interest at 2.23% annually	-	100,000
Volkswagon Credit Canada, \$100,000, June 2020, bearing interest at 2.15% annually	100,052	-
Province of Alberta, \$100,000, September 2022, bearing interest at 1.60% annually	102,386	97,853
Province of British Columbia, \$100,000, December 2020, bearing interest at 3.70% annually	101,673	104,011
Royal Bank of Canada, \$306,000, July 14, 2020, bankers acceptance	304,671	-
Province of Ontario, \$100,000, September 2019, bearing interest at 2.10% annually	-	99,717
Province of Ontario, \$100,000, March 2022, bearing interest at 1.35% annually	99,726	99,243
Province of New Brunswick, \$100,000, December 2021, bearing interest at 3.35% annually	103,251	104,957
Telus Corp, \$53,000, March 2023, bearing interest at 3.35% annually	53,346	53,466
Ford Credit Canada, \$100,000, May 2021, bearing interest at 2.58% annually	100,044	-
Equities	42,980	-
	\$ 1,351,972	\$ 1,049,480

**Alzheimer Society Peel
Notes to Financial Statements**

March 31, 2020

3. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$86,448 (2019 - \$88,121).

4. Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
LHINs programs				
Leasehold improvements	\$ 651,561	\$ 356,163	\$ 651,561	\$ 301,147
Alarm systems and telephone	96,854	90,798	96,854	85,256
Furniture and equipment	111,495	107,064	111,495	105,573
Computer	67,297	67,297	67,297	67,297
	927,207	621,322	927,207	559,273
Trillium funded				
Respite home - building	144,836	76,853	144,836	69,612
Alarm system	13,214	13,214	13,214	12,002
	158,050	90,067	158,050	81,614
Music for Memories				
Equipment	6,778	6,778	6,778	6,778
Other				
Respite home - building	605,204	373,005	605,204	347,845
Vehicles	-	-	133,936	117,880
Leasehold improvements	339,670	231,234	339,670	204,607
Respite home - land	100,476	-	100,476	-
Furniture and equipment	93,522	91,235	93,522	89,927
Alarm system and telephone	30,578	30,578	30,578	30,578
Computer	20,649	20,649	20,649	18,908
	1,190,099	746,701	1,324,035	809,745
	\$ 2,282,134	\$ 1,464,868	\$ 2,416,070	\$ 1,457,410
Net book value		\$ 817,266		\$ 958,660

Alzheimer Society Peel Notes to Financial Statements

March 31, 2020

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	2020	2019
Balance , beginning of year	\$ 76,436	\$ 367,934	\$ 444,370	\$ 515,299
Amortization of deferred capital contributions	(8,563)	(62,049)	(70,612)	(70,929)
Balance , end of year	\$ 67,873	\$ 305,885	\$ 373,758	\$ 444,370

6. Funds Invested in Capital Assets

Funds invested in capital assets consists of the following:

	2020	2019
Capital assets	\$ 817,266	\$ 958,660
Deferred capital contributions	(373,758)	(444,370)
	\$ 443,508	\$ 514,290

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

	2020	2019
Amortization of capital assets	\$ (135,383)	\$ (139,315)
Amortization of deferred capital contributions	70,612	70,929
Loss on disposal of capital assets	(2,011)	-
Proceeds on disposal of capital assets	(4,000)	-
	\$ (70,782)	\$ (68,386)

Alzheimer Society Peel Notes to Financial Statements

March 31, 2020

7. Economic Dependence

Funding provided by the LHINs accounted for 87% (2019 - 88%) of program revenue. Continuation of many of these programs would be in doubt if funding were reduced. Funding is renewed annually.

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 \$1,646 per month. The leases expire from May to July 2022.

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

2021	\$ 374,760
2022	267,586
2023	212,459
2024	146,735
2025	<u>111,375</u>
Total	<u>\$ 1,112,915</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.

Alzheimer Society Peel Notes to Financial Statements

March 31, 2020

10. Contingencies

The Society from time to time, is subject to various legal proceedings and claims. Management is of the view that these will not have a material adverse effect on its results of operations

11. Subsequent Events

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a global pandemic, which continues to spread throughout Canada and around the world. On March 20, 2020 the Society closed all of its in person programs and began to offer services online. The LHINs have continued to fund the Society after year end.

Management is actively monitoring the situation and the impact on its financial condition, liquidity, operations, suppliers, sector, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Society is not able to estimate the full impact of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.